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WEST EUROPE REPORT

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BRIEFS

EDITOR FACES SPY CHARGE--The editor of the critical magazine FORSVAR, Soeren Moeller Christensen, yesterday strongly denied that his articles on Denmark's electronic warning stations could be described as espionage. Moeller Christensen was interrogated by the police from 1355 hours to 1647 and during the meeting he was charged with spying under paragraph 110A of the penal code, which deals with the description of not generally accessible military installations. Police investigations into the magazine did not end with yesterday's interrogation, deputy police commissioner Ole Noergaard said. [Text] [LD120941 Copenhagen BERLINGSKE TIDENDE in Danish 7 Mar 81 p 1 part 1]

EDITOR TO BE PROSECUTED--Soeren Moeller Christensen, editor of the critical magazine FORSVAR will today be questioned by Copenhagen criminal police. He will be charged with publishing not generally available information on Danish defenses. The decision to prosecute Moeller Christensen was made by the chief of Copenhagen criminal police, deputy police commissioner Ole Noergaard. After Justice Minister Ole Espersen decided last week that there should be a police investigation into the magazine, the deputy commissioner and his assistants have looked into the FORSVAR article on Denmark's electronic warning stations and the defense high command's estimate of the damage the article may have caused. In its most recent issue the magazine published an illustrated, extremely detailed description of the Danish electronic warning stations. It described the location of individual stations and the types of antennae used. Defense Chief Gen Knud Joergensen told BERLINGSKE TIDENDE that if this information had been given to a foreign embassy directly, it would have been a clear case of espionage. [Excerpt] [LD111023 Copenhagen BERLINGSKE TIDENDE in Danish 6 Mar 81 p 1 part 1]

CSO: 3106

POLITICAL PARTIES' VIEWS ON EUROMISSILES DISCUSSED

Paris DEFENSE NATIONALE in French Feb 81 pp 67-84

[Article by Dominique David and Guy-Philippe Halleman: "French Political Parties and Euromissiles"]

[Text] Euromissiles--whether "Soviet" or "Atlantic"--are one of the most disputed issues in the current international politico-strategic debate. These past few months, the major French political organization have, one after the other, expressed and clarified their views and analyses of the Eurostrategic delivery systems known as SS-20, Pershing 2, or cruise missiles. The following article attempts to define the inner logic of these views and analyses. Its authors are Dominique David, a research fellow at the Center for Defense Policy Studies of the University of Paris 1 Pantheon-Sorbonne, and Guy-Philippe Halleman, a journalist.

Soviet IRBMS, more than any other weapon system, raise the question of relations of France and its allies.

In fact, the technical characteristics of these Soviet delivery systems--on some of which at least there is said to be rather broad agreement--could militarily mean a certain selective nuclear capability against the Central European theater. The accuracy of these missiles--circular error probable, CEP, of definitely less than 500 meters--coupled with their relatively low-yield payload--undoubtedly MIRVed with three 250-kiloton warheads each--would make them quite suitable for implementing a counterforce strategy, a rudimentary implementation perhaps, but one clearly distinct, nevertheless, from any anticities strikes. Lastly, the mobility and reload capability of these missiles give the Soviets an outstanding dual deterrent-operational mode flexibility. In other words, some experts claim that "if half the available destructive capacity of the Soviet SS-20's alone were employed, the entire Western defense system in Europe would cease to exist"⁽¹⁾ Actually, however, the change in the theater nuclear balance is not the effect of solely the additional military advantage which SS-20's offer compared with their predecessors, the SS-4 and SS-5 missiles.

In a 1977 speech to London's International Institute for Strategic Studies, Chancellor Schmidt stressed the need to correct the quantitative imbalance in theater

forces, an imbalance fraught with consequences if we accept the idea that American and Soviet strategic delivery systems are mutually neutralizing. This argument, whereby stabilization of one given level could tend to destabilize another level, was thus meant to prompt reinforcement of the Atlantic Alliance's tactical forces in Europe. Another reason could be conducive to deployment of the Alliance's new Euromissiles, namely the proclaimed necessity of ensuring the continuity of those nuclear weapons that support each level of escalation, a necessity epitomized in the flexible response doctrine. This argument implies, of course, that an options typology can be deduced from a weapon systems typology.

The legitimacy of the deployment of NATO theater nuclear forces (TNF) could thus be analyzed at separate levels that are convergent but not overlapping.

The Alliance could, in fact, seek to provide itself with nuclear options identical to those given the USSR by the SS-20's. Just as the United States is improving the accuracy of its ICBM's because of the decreasing CEP of Soviet missiles. The Alliance could also increase the number of rungs on its own ladder, independently of the options available to the USSR. This approach involves the "deterrent gap" concept adopted by advocates of limited nuclear options. The Alliance could seek to maintain the continuity of its nuclear means, a continuity that "serves as a substitute for a waning superiority."⁽²⁾

Conversely, this continuity could be viewed as the nuclear counterpart of a continuum of political options, in other words, as quite simply the adequacy of the nuclear technique to permit possibly changing the goals and objectives of a political strategy in the course of the "game."

It is difficult, therefore, to decipher clearly the determining factors in the American strategic analysis which led to last December's decision in Brussels. It is easier, however, to identify the political choices that governed that decision, because two other objectives ultimately bolstered the choice offered the North Atlantic Council. The first such objective was the determination to thwart Soviet attempts to "disconnect" the American and European strategic entities. The other was the desire to mend the Alliance's political fabric which had been torn extensively by the American neutron weapon crisis.

According to Klaas de Vries, for example, "it was felt in some quarters that the decision to modernize long-range theater nuclear forces (LRTNF) enabled the Alliance to demonstrate its ability to make collective decisions."⁽³⁾

After 2 years of interallied consultations, the North Atlantic Council approved deployment of 572 Euromissiles--108 Pershing 2 missiles and 464 ground-launched cruise missiles. The ways and means of their future deployment clearly reflects the political bases of the Council's decision, namely to reduce the real or supposed vulnerabilities of the present system and to quell Europe's fears about a possible American disengagement.

This dual, strategic and political, level of analysis--that we had to review herein in order to specify NATO's decision--is what we shall endeavor to find in the rationale and viewpoints of the principal French political parties, but without passing judgment and merely for the purpose of grasping each one's particular logic.

UDF: The Opportunity?

The Euromissiles concept can be based on a twofold analysis. In one case, emphasis will be placed on a technical specification--range, etc.--but in so doing will a new concept actually have been defined when referring to Euromissiles? Soviet or American weapons with a specifically European range have existed for a very long time. Some of today's Euromissiles are European only by general agreement on range. But what about the "stretched" SS-20's, not to mention the Backfire bombers equipped for aerial refueling?

In another case, emphasis will be placed on a strategic specification. By affirming there is such a concept as the European theater, a concept analyzable as such, and that it is possible to make a comparative evaluation of the arsenals of concern to Europe, we introduce the idea of a war space that is included within the global strategic balance of the two superpowers throughout all possible theaters of operation, or that is its rival.

Reference to Euromissiles, and hence to an intermediate European strategic space, is highly significant for a coalition that is the political heir of parties--Christian Democrats, Independents, Radicals--which formerly considered the idea of a self-sufficient national sanctuary to be an illusion or a separatist temptation. Does this not give the UDF [Union For French Democracy] the long-cherished opportunity to "reinject" into the political debate an Atlantic analysis that is less aggressive--its priority concept becoming the European balance--but quite as determined? Would the European pillar, then be the main pillar, or an adjunct?

This established fact is a basic and determining factor for the UDF. The current general balance of forces, on the European level as well as the global level, largely favors the Warsaw Pact. Consequently the European imbalance is a phenomenon included within the global imbalance, but it is not solely an epiphenomenon of the latter. It is, on the contrary, an instrumental and revealing aspect of the general evolution. If the European space has a oneness and continuity, it is impossible to see how France could get out of that space. If the European balance is such a determining factor in the general balance of the alliances, there is continuity also between the European level and the encompassing Atlantic level. The three conceptual defense spaces--France, Europe, and the Alliance--are thus closely bound together.

UDF specialists believe the general imbalance assumes its full significance and gravity only when viewed in the light of two critical observations.

First of all, no general theory, no matter what it may be--deterrence, mutual assured destruction, etc.--can replace a necessary balance between the two alliances, a balance that must be determined not from an intellectual analysis but from a mathematical calculation of the forces. In fact, at this level of analysis, the necessary balance may actually be an imbalance, because, as Jean-Marie Haillet⁽⁴⁾ explained to us, the issue becomes complicated due to the fact that in such analyses the West measures its strength against a system of dictatorships.

Second observation: to remedy the European imbalance, which is both the sign and reality of a global weakness, it is essential to find a solution on the European territory itself. Why? The UDF analysts do not say, but we can suggest one reason, namely because the European space is the best place to redefine an Atlanticism that, this time, will no longer have to call itself such.

To affirm that France is concerned with the issue of Euromissiles, two statements have to be reconciled:

1. The European theater is indivisible: "France's defense necessarily belongs in the European space, the unique space of a battle."⁽⁵⁾
2. It has no significance, however, except within the Atlantic Alliance.

The Soviet Union "has currently achieved nuclear parity with the United States which is threatened within its sanctuary. That is the major development. And now the Soviet Union is developing nuclear superiority over the European theater."⁽⁶⁾ After having reiterated that the assessment of European theater forces cannot be made outside "the central strategic nuclear context, the 'White Book' adds: "The new development in the so-called 'theater' nuclear situation is the build-up these past few years of a formidable Soviet superiority in intermediate-or medium-range delivery systems," specifically the SS-20 missile and the Backfire bomber. In the UDF's view, these two weapon systems enhance the Soviet capability mainly by their accuracy. Moreover, the official text characterizes this accuracy with rather great discretion. It refers to it as "increased" accuracy.

Control of this arsenal gives the Soviets new military capabilities--striking the famous "1,000-1,500 major military targets in France and its allied European countries"--thereby opening unexpected areas for political maneuvering. The writers of the "White Book" no doubt believe that the USSR's objective is control of Europe, as a stage in gaining world domination, more than war itself. The build-up of its Eurostrategic force would give the USSR the means of "Finlandizing-Balkanizing" the European space.

The purely strategic line of reasoning is clear. If Warsaw Pact forces can, with one volley, destroy all of the key targets in the Western Alliance--bases, airports, depots, decision-making and coordination centers, major troop concentrations, etc.--the credibility of NATO's flexible response strategy collapses. By an altogether different line of reasoning than the one General De Gaulle followed in the 1960's, the UDF thus arrives at a quite comparable conclusion, at least in its initial terms, namely that the effectiveness of the Alliance's barrier is questionable.

But does this mean that the UDF denounces the flexible response doctrine per se, or rather its present ineffectiveness? The latter alternative seems to be the correct one, inasmuch as the UDF is--like many Germans--concurrently calling for restoration of a balance at all armament levels, thereby making it possible to defeat or at least contain the enemy at any level of violence he might choose. This is a restrictive view of the flexible response strategy which, it will be recalled, is admittedly a self-limitation imposed on the level of violence, but one that is effective only if it carries the threat of escalating to a less benign stage.

All of this reasoning is confirmed by the call for deployment of neutron-type weapons to reinforce France's defense system. Acceptance of neutron weapons is thus found in two overlapping statements:

1. "The fact that the defense system is essentially national does in no way mean that it can be sufficient to ensure the country's defense under all circumstances."⁽⁷⁾ This thus constitutes approval of the Pershing 2 and cruise missiles "in response" to the Soviets.
2. Deterrence remains the central point of France's doctrine, but France must of necessity acquire a "retaliatory and holding capability,"⁽⁸⁾ the framework of which could consist of new weaponry.

By rejecting what is known as the "all or nothing" doctrine--strategic strike preceded by a tactical probing of enemy intentions--does not the UDF propose to establish a French-style flexible response doctrine?

A paradoxical proposal: Soviet Euromissiles produce a European imbalance challenging the validity of the NATO flexible response doctrine, an imbalance that can be averted only by a counterbalancing deployment of Western missiles "and" by the introduction of materiel establishing a sort of French flexible response.

This paradox is merely apparent: European assumption of responsibility for this flexible response concept means reunifying the European part of the Alliance and, therefore, because there is no conceivable independent European pillar, redefining the Atlantic policy line as a whole. This explains the surprising agreement on the "European dimension of defense" between French, German, and British policies, an agreement noted in the "White Book." This agreement is said to be based not on a plan for the European defense of Europe--a wonderful vision perhaps, yet largely inaccessible--but on recognition of Europe's strategic, theoretical, and political coherence within the Alliance.

In the opinion of UDF officials, the unification achieved in this manner--unity in the resolve to defend oneself, in designation of the enemy, in recognition of the oneness of the battlefield, in weaponry (Euromissiles, French Super-Pluton and "neutron" missiles) and in doctrine--would have unusual strength that could, in any case, be far more decisive than stillborn decisions on standardization or interoperability.

PCF: "Large-Scale Intrigue and Maneuvers"

The French Communist Party (PCF) has taken an original position on Euromissiles. This time, the originality is, more than usual, synonymous with isolation within the French political community. During the December 1979 National Assembly debate on the motion of censure, Georges Marchais outlined the PCF's reasons for its opposition to deployment of Western Euromissiles, reasons widely reiterated at a PCF demonstration in Paris and by the party press as a whole.

Apart from domestic political considerations, the PCF's views seem to be based on a dual starting point. First, the contention that pacifism is identifiable with "real socialism," such as exists in Eastern Europe. Secondly, the "forces of peace

and progress" constitute a strategic entity with its own historical development.

The party's actual stance is formulated on this dual postulation. It consists in denying the existence of a specific threat created by the deployment of SS-20's, and in denouncing the bellicose determination of American imperialism which, through West German revanchism as an intermediary, is attempting to circumvent the arms control process initiated by the forces of progress.

The French Communist Party thus contends that the SS-20's are part of modernization programs begun a long time ago, and consequently assumed to be known to NATO agencies ages ago. According to L'HUMANITE DIMANCHE,⁽⁹⁾ these delivery systems have been common knowledge since 1975. They are, therefore, no more threatening today than they were heretofore.

In addition, their introduction was contemporaneous with SALT negotiations covering "recognition of global parity between the two blocs." Consequently must not the West's planned deployment--the SS-20's not constituting a new development--be viewed as an act contrary to the SALT II agreements signed but not ratified by the United States?

This initial PCF position was accompanied by two other preliminary views. Yves Moreau,⁽¹⁰⁾ argued that the SS-20's range is comparable to that of the SS-4 and SS-5. In other words, present-day Soviet IRBM's employ only marginal technological improvements. Hence it is absolutely impossible for these improvements to be the instrument of that doctrinal and practical transformation feared by General Gallois and outlined above by us.

At Place du Colonel Fabian [PCF national headquarters in Paris], officials added that modernization of American theater forces largely predates the Soviet deployments in question. Rene Andrieu wrote, in this connection, that the Americans had "spilled the beans," inasmuch as they admit their decision to develop the Pershing 2 was made back in 1975. This discussion about who started it all, the Soviets or Americans, is definitely not so easy to clarify, considering the time required to develop and deploy any kind of new weapon system.

According to the PCF, the SS-20's are essentially defensive weapons. This is certainly a debatable viewpoint, but one that, once again, is based on a global political analysis.

The party developed its argument coherently and with a reasoned interpretation of "NATO's large-scale intrigue and maneuvers." The first established fact is that imperialism lost its strategic superiority--a "Muscovite" statement if there ever was one--and was compelled to participate in the SALT process. Detente is, therefore, a course of action imposed upon the West.

At the same time, imperialism is attempting--action consistent with its nature--to deceive world opinion on the Euromissiles issue, the purpose of these NATO missiles being to produce--in the commercial sense of the word--security, which in the West is nothing more than strategic superiority.

Secondly, recourse to the Federal Republic of Germany, the principal recipient of the Pershing 2 and ground-launched cruise missiles, is meant to facilitate the advent of a nuclear Germany. According to this PCF contention, Germany will reinforce the concrete instruments of American coercive military policy in Europe, while giving itself up as the expiatory victim of Eastern aggression, thereby diverting enemy fire from the United States itself. A constantly repeated argument: "Nuclear weapons are being made available to the FRG in a veiled manner."⁽¹¹⁾ This same article stated that "the American missiles bolster the FRG's power and pretensions." This dual statement may be contradictory, at least in part. In any event, it is debatable. We recall how vehemently the FRG Government refused any control over these new weapons that will remain exclusively under American lock and key. The PCF's line of reasoning on this point would improve by choosing between increased subservience and more room to maneuver.

Besides, this added power Germany would be given could really be exercised solely in the East, and this implies initiation of a direct nuclear dialog between the FRG and the USSR without American mediation. It is paradoxical after all for the PCF to argue that deployment of the new American missiles will give the FRG much added political power at the same time that it, the PCF, is downgrading British strength precisely because of its dependence upon the United States.

The communist press offers a wide variety of reasons for the Brussels decision: the FRG's "nuclearizing" policy, the influence on America's global policy of the "diktat" by the military-industrial complex, America's desire to hold Europe hostage, and lastly the joint German-American "magisterium" organizing the Alliance on European territory. This last collusion would permit, in its very dialectic, the joining of interests, close affiliation, and removal of the bond of domination.

The PCF's argumentation as a whole ultimately led to two courses of action in the form of a conclusion. First of all, it noted the existence of "increased danger for France."⁽¹²⁾ Protected by a national deterrent force that the PCF has deemed necessary for the past few years, France is directly threatened by the inflation of American capabilities in Europe, inflation whose goal, among others, is to reduce France's margin of independence, and this with the at least passive complicity of the French Government. This explains the course of action taken by the PCF in presenting to the National Assembly a motion censuring a decision in which French leaders had taken absolutely no part.

Lastly, the communist line of reasoning calls for revival of the general prospects for arms control negotiation, and for establishment of a new world strategic order. The multiple proposals for negotiations issued in Moscow the past few years are, for the PCF, only the symbolic sign of a more general historical truth, namely that the new security order will have to be imposed on imperialism by the world's progressive forces.

PS: Two Sides

Cacophony or exuberance: the diversity of socialist positions on defense policy make the PS [Socialist Party], on this issue as on so many others, one of our country's least monolithic organizations. And one of the least explicit also: the PS did not see fit to reaffirm its global positions recently in a unique document.

In fact, "The Socialist Plan" devotes only five and a half of its 380 pages to disarmament and collective security questions and to the future of our national defense.

What linkage do we detect in the PS position between the global balance of forces and arsenals and the European balance?

First, Europe's security in the face of the threat from the East depends on the Alliance, and that Alliance itself depends "on a fiction, namely American intervention in Europe in case of Soviet aggression."⁽¹³⁾ The confidence of Europeans is based on this illusion and not on a tissue of obligations formed by partly contradictory treaties. The linkage between the European theater's defense needs and American means of intervention is, therefore, an artifice. Jean-Pierre Chevenement⁽¹⁴⁾ emphasized that Europe is involved in the interplay of the superpowers solely as the hostage of a global bargaining effort. In short, and as underscored by Pierre Cot, "France's strategy is defined solely in terms of the balance of forces at the world level. It cannot be dissociated from the fate of Europe and hence of the Alliance to which we belong."⁽¹⁵⁾ Yes, indeed, but beyond this patent fact, the means of putting it in concrete forms are nonexistent. The price paid for the hope of being defended by America is the certainty of being defended only by American arms.

For that reason--and this is the second major observation--the linkage between European theater and global theater, European balance and global balance, cannot be put in concrete form by a distinction between Eurostrategic arms and strategic arms. The only pertinent distinction would be the one distinguishing American arms in Europe from European arms in Europe, in other words, the so-called American Euro-missiles--Pershing 1 or 2, cruise missiles, etc.--from European missiles. A concomitant remark: France is actually the only country to have specifically European missiles deployed in Europe.

France and Europe are thus linked to the global balance of forces by a whole series of realities or illusions. But the only basic question is still the following: "What arms currently threaten France (or Europe), what arms defend France (or Europe)?"

But this does not preclude making a general diagnosis as Francois Mitterrand did in addressing the National Assembly:⁽¹⁶⁾ "I think the United States of America has retained superiority on a global scale. On the other hand, where the balance in Europe is concerned, I would rather be inclined to think that Soviet superiority is established." But this diagnosis becomes operative only when backed by a detailed concrete account of the strength of the threatening and defensive forces, an account that rejects the laxness of theoretical distinctions between "tactical" weapons and "strategic" weapons, and confines itself to actual threats and defenses.

This requirement leads to specifying: 1. the Soviet "Eurostrategic" threat, 2. the American "Eurostrategic" response.

There is almost unanimous agreement within the PS on the first: the SS-20's do pose a threat to all European territories and thus constitute for France a threat added to the existing Soviet potential. But two men of differing sensitivity drew different conclusions from this threat. Jean-Pierre Chevenement dwelt especially⁽¹⁷⁾

on the fact that the East-West imbalance, although supported by evidence and the media, is not such a sure thing, and that in particular the introduction of the SS-20 and Backfire do not upset the balance.

As for Francois Mitterrand, he prefers to stress the new threat's "terrifying" character. First of all, the SS-20's are weapons specifically meant for Europe, and they cannot strike America. They are aimed at the entire European force structure from northern Norway to southern Italy. Furthermore, they are tremendously accurate. Strike weapons and accurate weapons, they are the specific means of implementing a long-standing Soviet strategy, that if massive and direct nuclear war, SS-20's can destroy in one-half hour the total European military system without touching a village, a city, without killing a single American soldier, without moving a single Russian soldier outside his borders."⁽¹⁸⁾ A highly optimistic description out of the Apocalypse, as it were. And all the more so, added Piere Cot, because these SS-20 missiles are mobile, and because, even if similar weapons existed on the Western side, they would be incapable of destroying these Soviet weapons. According to these arguments, mobility and precision are thus the new buttresses added around the Soviet strategic colossus.

Chancellor Schmidt is known to have brought the theater nuclear forces issue to public attention. The arguments that prompt German socialists to call for TNF modernization are certainly numerous, so numerous, in fact, that they do not always bother about being consistent. But the main argument does affirm the necessity of restoring the flexible response doctrine.

For the French socialists, such a doctrine can be no more than an intellectual game devoid of any real significance. As Francois Mitterrand explained:⁽¹⁹⁾ "In my opinion, the American flexible response concept makes no sense. Can you picture a large country like Soviet Russia, aware that it will be pounced upon with the first, with the second, with the third warning shot, beginning a conflict only to withdraw in pitiable fashion 48 hours later?" Does deployment of Pershing 2's reestablish the flexible response? It does not matter, inasmuch as that doctrine is not pertinent for the defense of Europe. These missiles do, however, have everything to please the United States. They enable it to increase its global capability versus the USSR without increasing, or even specifically reaffirming, its commitment to defend Europe. Nevertheless, being American missiles, they do not defend Europe more--or less--than the American Polaris missiles.

This, therefore, brings us back to a question that calls for only a profession of faith, or of distrust. European faith in the defensive capabilities of the Pershing 2 and cruise missiles is wholly commensurate with the faith placed in existing systems at the present time.

The socialist reaction is, therefore, three-pointed. It is best summarized by Francois Mitterrand's statements to the National Assembly:

1. Deployment of Euromissiles of any origin is the result of a decision external to France. Hence the latter has no hold whatever on that decision.

2. These Euromissiles threaten France's security, at least one part of them does, while the other part cannot sufficiently protect France.

3. France should, therefore, demand comprehensive negotiation of all elements jeopardizing its security.

The socialist demand thus stresses the need to negotiate absolutely all Eurostrategic arms, and denounces the French Communist Party's "one way" arguments. "The Soviets are against the Pershing, so am I. But I am also against the SS-20's." (20) Let us negotiate the Pershing 2's, of course, but the SS-20's too, in fact everything that in one way or another jeopardizes the peace of Europe, and hence of France.

The prospect of negotiation is indeed always more attractive than the prospect of indefinitely expanding arsenals. Yet the all-inclusive--or even deliberately confusional--view of the French socialists, nevertheless, raises a few questions. How can negotiation on Pershing 2's be linked with that sort of renegotiation of the Alliance the Socialist Party first secretary seems to be praying for? How can such Eurostrategic negotiation be linked with planned talks between the superpowers, as part of the legacy of the SALT process, the nature of which is to exclude the medium-size powers, nuclear or not, that make up Europe? The last question is perhaps the most fundamental one because it deals with the general character of the negotiations meant to encompass Eurostrategic bargaining: How can the PS declare that the only real dividing line is the one separating, for Europe, American arms from European arms, and at the same time propose to place everything on the negotiating table, regardless of origin, assignment, or ownership? If the French nuclear force is the only European nuclear force to defend Europe, how can the PS consider placing it on the negotiating table in the hubbub of Soviet, American or neo-American (British force) arms?

An explanation should be given here of the coherence between an analysis of the French force as a deterrent, i.e. minimal, power and such an official willingness to negotiate everything, and without delay. (21)

RPR: Logic of the Sanctuary

Compelled by the coherence of deterrence and directly in line with Gaullist views on "sanctuarization," the Rally for the Republic (RPR) stated at the very outset that France "did not participate in the North Atlantic Council's discussions" and France "is not a party to its decision." (22)

Protected by its strategic nuclear capability, France hardly seems to have to be concerned about Euromissiles. It is quite apparent that this position contains a few of the basic principles of the Fifth Republic's defense doctrine as defined in about the mid-1960's. Like national feelings, a nuclear capability inevitably makes nations egotistical. The balance of terror is valid only between the two superpowers. A nuclear guarantee is measured solely by the yardstick of relations between central systems. Hence the theorem that shows how the United States assumes responsibility for Europe's security: "The flexible response theory reserves intercontinental deterrence for the intercontinental threat." (23)

To these premises--the minimal nuclear platform in which the whole Gaullist family concurs--the RPR adds its own intuition. The latter is primarily the perception of a "strategic imbalance due as a whole to the power of the Soviet military instrument,"⁽²⁴⁾ This inequality of forces results from realization of the "Russian Empire's ancient dream" which today makes the Soviet state the world's leading land, sea, and air power. A dream telescoping the legacy of czarist foreign policy and the realities of a nuclear age conceived with Clausevitzian concepts.

Since 1978, however, the nuclear imbalance has been, not between the mutual destruction capacities of the two superpowers, but primarily between the theater nuclear forces of the Alliance and those of the Warsaw Pact. The RPR explains this imbalance by an analysis of the partner-adversary couple. Partner: mutual "sanctuarization"--product of the technological advances of the 1960's and officially ratified by the agreements of the early 1970's--turned the threats away from the territories of the superpowers. Adversary: from that time onward, these threats have concerned mainly Europe, the stakes of the rivalry between the United States and the USSR, and the actual area of their possible armed confrontation. Moreover, the USSR has fully grasped the significance of NATO's flexible response and is building up its own European theater nuclear forces.

The second part of the Gaullist analysis is the concrete assessment of the threat posed by the SS-20's. These missiles enable the USSR to destroy selectively a country's military targets without inordinately damaging its economic potential. The nuclear age has rarely seen such close correspondence between weapon system and concept of employment, or even strategy.

Soviet European theater nuclear weapons cannot help but confirm the RPR's fears of Europe's vassalization through an arms control process that remains within the exclusive province of the world's two superpowers. These weapons--at least their latest generation--were deployed concurrently with the SALT process. Consequently do not the SS-20's appear to be the symbolic manifestation of the Soviet desire to "uncouple" the security of Europe from that of the United States, or in more exact terms, the adversary's practical application of the established fact of the "non-coupling" of national securities in the nuclear age, of the solitude of the atomic age's nation-state?

The specificity of the threat posed by Soviet INF is, therefore, historical before being strategic: it is the product of the collapse of American strategic superiority and the concomitant shift making Europe the new focus of nuclear threats.

Like [the poet and essayist] Valéry's civilizations, America's once overwhelming nuclear superiority knew it was mortal. As it was collapsing, it produced of its own accord the conceptual inversion called flexible response. Thus the question immediately arises: if the change in global balances, the shift of threats, cause Europe to be reassessed as the actor or recipient of a nuclear exchange, does this mean Europe has acquired the status of a new and relatively unified strategic area? In the RPR's thinking, the leap to such a conclusion is not evident. This can be seen by examining Gaullist reactions to the Brussels "answer."

In addition to the relatively marginal reaction wherein the decisions to deploy Euromissiles are viewed as only an additional decoy designed to divert attention

from the fact that Europe is being increasingly brought into a sort of trusteeship under control of the superpowers, the RPR commentary is particularly critical of the planned method of deployment. "The proposed system does not seem adequate" because "in Western Europe it would be impossible to deploy in secret and shielded from a first strike launched without warning, a system of nuclear missiles that could by themselves alone counterbalance the SS-20's."⁽²⁵⁾

Furthermore, certain misgivings are expressed about this deployment's ultimate purpose as approved at last December's meeting in Brussels. More than "strengthening European defenses," production of the Alliance's Euromissiles is designed to form "a bargaining chip in negotiations on arms reduction in Europe." And it is a well-known fact that Gaullist political and strategic thinking precludes assigning France any place in that kind of process.

Nevertheless, the RPR also noted that "aware of the uncertainty it had created by its flexible response doctrine, the United States recommended to its allies the deployment of new systems designed to counter the SS-20 threat." In this context, countering and counterbalancing mean establishing options similar or identical to those available to the Warsaw Pact.

The options derived from the production and deployment of the Alliance's TNF are, therefore, either a moment of the escalation, within the overall framework of the maintained or restored flexible response, or an autonomous instant in the politico-military dialog of the two superpowers. But at no time does the decision to deploy these new European theater weapons establish that theater as a single strategic space, in which, by logical repercussion, France could only become merged, in the more or less near future.

Yet there are occasional whispers in the RPR to the effect that the major value of the Western Euromissiles might be found in the fact that the Soviets refuse to reconcile themselves to these weapons.

Which will prevail within the RPR, the political good judgment to take note of the Kremlin's displeasure, or the strategic line of argument categorically denouncing the mirage of the American guarantee in Europe, a phoenix constantly being murdered only to be resurrected in the most trifling form by European illusions?

FOOTNOTES

1. Pierre M. Gallois, *REVUE POLITIQUE ETRANGERE*, No 1, 1979.
2. Pierre Hassner, *REVUE POLITIQUE ETRANGERE*, No 2, 1979.
3. Klaas de Vries, "Report to the North Atlantic Council," Brussels, 1979. (LRTNF= Long-Range Theater Nuclear Forces).
4. Interview.
5. "A Defense Doctrine for France," May 1979.

6. "A Defense Doctrine for France."
7. "A Defense Doctrine for France."
8. "A Defense Doctrine for France."
9. L'HUMANITE DIMANCHE, 21 January 1980.
10. L'HUMANITE, 13 December 1979. According to the International Institute for Strategic Studies, these ranges are 4,500, 2,000, and 3,500 kilometers respectively.
11. L'HUMANITE, 14 December 1979.
12. Andre Lajoie, [over radio station] Europe No 1, 19 December 1979.
13. Francois Mitterrand, LE MONDE, 31 July 1980.
14. LE MONDE, 15 December 1979.
15. INIA [National School of Administration] Alumni Symposium, June 1980.
16. On 20 December 1979.
17. LE MONDE, 15 December 1979.
18. LE MONDE, 31 July 1980.
19. LE MONDE, 31 July 1980.
20. Francois Mitterrand, Club de la Presse, Europe No 1, 7 September 1980.
21. Editors note: This willingness to negotiate is not approved by all socialists. See Jacques Hunsinger's article, "France and SALT II," in DEFENSE NATIONALE, April 1980.
22. LETTRE DE LA NATION, 17 December 1979.
- 23, 24, and 25. "Reflections on Defense," June 1980.

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CSO: 3100

NAVY'S STATUS IN 1981 VIEWED IN BRIEF

Paris DEFENSE NATIONALE in French Feb 81 pp 175-177

[Article by Bernard Dyle: "Navy's Status in 1981"]

[Text] In our January column, we outlined the French Navy's 1981 budget as approved by the National Assembly and Senate. We noted that the nation's defense effort, particularly for the navy, was considerable and reflected the necessity of preparing the navy's future pursuant to the goals of the modernization plan for the "Year 2000 Navy" approved in 1978.

Before the debate starts on the next [5-year] programming law which is expected to confirm the government's resolve to maintain a navy commensurate with France's political ambitions, it appears appropriate to assess the navy's present status and describe what effort will have to be initiated or continued to achieve the navy's long-range goals.

The Ministry of Defense has assigned the following missions to the navy: nuclear deterrence (priority mission), protection of maritime approaches, security in the Mediterranean, presence throughout the world, and performance of public service tasks. To perform these missions, the navy must have multipurpose forces capable of participating in one or more of these missions, plus forces trained and equipped for special tasks. These forces also require logistical support consistent with their area and type of operations.

It is difficult at times to draw a clear line of demarcation between multipurpose and special purpose forces, with the result that specialized units--antisubmarine warfare ships and aircraft, for example--may be called upon to participate in operations where their special characteristics are combined with those of a larger force, such as an aircraft carrier escort group.

For this reason, it has become customary to classify combat and support forces in two main categories: the multipurpose or seagoing forces and the maritime territorial defense forces, to which may be added those public services forces now being introduced.

The following are excluded from this classification: missile-launching nuclear submarines whose sole mission is nuclear deterrence, experimental or trial ships, and harbor craft that cannot be considered combatant ships or auxiliary ships directly supporting the latter.

In 1981, the multipurpose forces consist of the following combatant warships:

- a. Two aircraft carriers and one helicopter carrier. The modernization plan has a goal of two carriers. In September 1980, the defense council approved construction of two new carriers to replace the Clemenceau and the Foch in 1992 and 1999. The plan does not call for replacement of the helicopter carrier.
- b. A total of seven antiaircraft ships that are scheduled to be decommissioned between 1983 and 1995. The goal for the year 2000 is nine "corvettes" type AA guided missile destroyers. The first two are on order. Another two are currently programmed.
- c. A total of 13 antisubmarine warfare ships, nine of which will reach the end of their design service life before the year 2000. The other four are the Duguay-Dronin, DeGrasse, Georges Leygues, and Dupleix. The goal is 18 "corvette" type ASW guided missile destroyers. The replacement program is underway with an initial series of eight ASW destroyers, the sixth of which was ordered in 1981. Construction of a second series could begin in 1991. Unless a special effort is made, the year 2000 target date cannot possibly be met.
- d. A total of 20 "aviso" type escort vessels: 9 frigates and 11 A-69 escorts. The goal of 18 ships will be achieved with continued construction of the initial series of 17 "aviso" type vessels--No 17 was ordered in 1980--and with initiation of the second series (Nos 18-35).
- e. A total of 20 attack submarines, all powered by diesel engines. The goal is 10 nuclear-powered attack submarines--No 4 is on order--and four diesel-powered submarines (the four Agosta class submarines will not be decommissioned until after the year 2000).

These multipurpose combatant warships are supported by the following auxiliary ships in 1981:

- a. Four replenishment tankers. The goal is six Durance class tankers, No 4 of which is on order.
- b. Four mobile support ships, including one multipurpose repair ship. The goal of eight ships, including two multipurpose repair ships, will be difficult to achieve under present budgetary conditions.
- c. Nine operational transports. The modernization plan's goal is to replace these with three landing ships dock and eight light transports.
- d. One command ship and nine landing craft.

In 1981, the multipurpose forces consist of 63 combatant warships and 23 auxiliary ships with a total displacement of 242,755 tons.

The maritime territorial defense forces comprise:

- a. A total of 27 patrol ships, including two specifically assigned to public service tasks, namely the Mercure and Sterne. The goal of 10 patrol ships by the

year 2000 is to be achieved by construction of Super-Patra class fast attack craft, Nos 1 and 2 of which were ordered in 1981. Public service patrol ships are not included in the modernization plan. Construction of 11 special purpose ships was approved in 1980 and is scheduled for completion by 1986.

b. A total of 11 minehunters and 13 minesweepers which, with the exception of five Circe class minehunters, are old ships that will have to be replaced before 1988. The plan calls for 40 mine warfare ships. Its implementation will be based on a series of Eridan class tripartite--France, Belgium, and the Netherlands--minehunters, the first of which will become operational in 1982, and two series of coastal and ocean minesweepers, the first of which will be commissioned in 1988 and 1991 respectively.

These forces are supported by 12 auxiliary ships.

Added to this category are seven surveying-oceanographic ships that produce and maintain up-to-date documentation and information on the oceans not only for defense purposes but also for the general public.

In 1981, the maritime territorial defense and public service forces have 51 combat ships and 19 auxiliary ships with a total displacement of 34,470 tons.

The navy's combat and support forces thus have 160 ships with a total displacement of 277,225 tons.

The navy also has some 40 experimental or test and research vessels and harbor craft with a total displacement of nearly 50,000 tons.

Naval aviation has a total fleet of 253 combat aircraft and 155 support aircraft.

These combat aircraft include the following carrier-borne types: 30 Crusaders, 26 Etendard-4M's, 13 Etendard-40's, 56 Super Etendards--the total order is for 71--and 43 Alize [ASW-patrol] aircraft. The Super Etendards will ultimately remain as the sole attack aircraft. Their design lifetime carries them into the year 2000. To achieve the goal of 90 aircraft on the new carriers, the choice of aircraft will have to be made before 1984.

The maritime patrol aircraft fleet includes 33 Atlantic and 9 Neptune P2H aircraft. The goal is 51 maritime patrol aircraft (New Generation Atlantics).

The combat helicopter fleet consists of:

a. A total of 20 Super Frelon heavy ASW and transport helicopters.

b. A total of 25 WG.13 Lynx helicopters operating on corvettes and destroyers. The complete series will comprise 40 such aircraft.

The modernization plan's goal is 63 medium and heavy helicopters as replacements for the Alize [turboprop aircraft] and carrier-borne combat helicopter, plus 56 helicopters for use on corvettes, destroyers, and frigates.

The navy's status in 1981 is, therefore, characterized by a balance between its various components. One of the major objectives of replacement plans is to maintain this balance. Moreover, two fundamental choices have been made. One concerns the so-called public service tasks that have been assigned to the navy proper and not to a new organization that would have to be created. The other choice made is the decision to build two [nuclear-powered] carriers, a decision reflecting France's political will to retain the capability of participating in world affairs.

The course which has thus been set is not free of obstacles, because in today's world very few things are permanently engraved in stone. Yet the goals are clear, and after all, "to undertake a project, one does not have to expect miracles, nor is success essential to perseverance."

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NAVY'S POSITION IN INDIAN OCEAN REVIEWED

Paris DEFENSE NATIONALE in French Feb 81 pp 177-178

[Article by Bernard Dyle: "The Navy and the Indian Ocean"]

[Text] The Indian Ocean is an important strategic area from the standpoint of French foreign policy considerations. Most of the country's energy imports pass through that area. It is, therefore, a significant area of operations for French naval forces. The forces "normally" stationed there include eight combatant warships and five auxiliary ships. Large reinforcements are occasionally dispatched to the area as the situation and requirements demand. A carrier task force has been deployed there twice already, particularly when the Republic of Djibouti achieved its independence in 1977. For the past several years, two combatant warships have been continuously reinforcing the normal theater forces on a rotational basis.

The turbulence in Iran, the invasion of Afghanistan, and currently the Iranian-Iraqi war have focused world attention on this area where all maritime powers have dispatched forces, increased their presence, and are now protecting this artery so vital to the Free World.

France has deployed eight additional combat vessels, including five mine warfare ships--minehunters and minesweepers--the only such ships in the theater, plus two logistical support vessels.

This is no meager effort. Keeping these forces in the area is dependent upon their maintenance and resupply. Admittedly the Soviet Navy is continuously confronted with this problem no matter where it operates, and one of the major concerns of that "young" maritime power is its attempt to obtain outlying bases and port facilities. Socotra, Aden, and Massaiwa furnish it such support, but it also maintains a larger number of logistical support vessels in the area than combat vessels.

The U.S. Navy's support is based on Diego Garcia and it has no "facilities" elsewhere in the theater. Yet the excellence of its logistical support system enabled it to keep the carrier Eisenhower battle group on station at sea for 8 1/2 months with only one 2-day respite in port. Such a feat borders on the impossible!

The British Navy is also present with a group of combatant warships. Its support, however, is based at Mombassa, Kenya, which is some 2,400 nautical miles from the Gulf of Oman!

Ever since Madagascar became independent, France has had no navy yards in the theater. Its ships now have only small-scale bases at Djibouti and Reunion. Necessary dry-docking work has to be done in countries bordering the Indian Ocean, namely Pakistan, Sri Lanka, and Kenya. Ships are maintained with the help of the multipurpose repair ship Jules Verne and the logistical support ship Garonne which is dispatched to the area whenever necessary. A special-purpose support ship, the Loire, accompanies the minehunter forces.

The theater's size--1,400 nautical miles from Djibouti to the northern section of the Arabian Sea, and nearly 3,000 nautical miles from Reunion to the Strait of Hormuz--requires replenishment at sea of fuel, food, and spare parts, and consequently the presence of supply ships and tankers (the Charente permanently, and an additional tanker occasionally). While the mission of maintaining presence and surveillance in the Arabian Sea is a major task of the admiral assigned as Commander Indian Ocean Area, he cannot, however, neglect his other missions, namely surveillance of economic zones, protection of shipping, assistance to fisheries in the southern islands, and maintaining French presence throughout this vast area.

Such a deployment of ships is tangible expression of France's interest in this area of the world. It also highlights the necessary multimission capability of France's naval forces and, if need be, confirms the essential part support forces must play in an ocean navy.

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DANISH SOCIAL DEMOCRAT VIEWS LABOR PARTY DETENTE DEBATE

LD111305 Copenhagen AKTUELT in Danish 6 Mar 81 p 7

[Social Democratic Foreign Affairs and Defense Committee Chairman Lasse Budtz "Panel" article: "Dutch Underline the Risk of Increased Tension"]

[Text] The desire to pursue a progressive detente policy came through clearly in the recent Netherlands Labor Party Congress in Amsterdam. In some ways the congress was an early start to the Netherlands Social Democrats' election campaign.

The election will take place in May, and it could very well happen that it will be the Dutch Labor Party leader Joop Den Uyl who will form the next coalition government to succeed the present nonsocialist government.

The attitudes shown at the Dutch congress, which I attended with our own party's international secretary Steen Christensen, is therefore well worth looking at. In several areas our party's foreign policy is very close to that of the Dutch party.

Our Dutch comrades adopted a complete economic boycott of South Africa while a vast majority rejected the proposal to work for recognition of the PLO. The Dutch want to pursue a policy of aid to the Third World comprising 1.5 percent of gross national product, but the goal is 2 percent. In comparison Denmark spends 0.7 percent of its gross national product in this way and Norway and Sweden 1 percent, but the Norwegian Labor Party's draft manifesto also calls for an increase.

In the present international climate, in which the new U.S. Government wants to rearm and is hesitating a great deal over the resumption of the SALT process, the Dutch party's security policy resolutions are of the greatest interest. Especially because the small NATO nations' social democratic parties are at present working to discover the extent to which it will be possible for them to reach a common stance to benefit disarmament initiatives in particular.

First the NATO connection. The party voted by a large majority that the Netherlands will remain a member of NATO, but membership is to be "critical." This decision has also been adopted at two earlier congresses, and it has been difficult to make this critical stance into a practical policy. For in a way all member states must always be critical, just as all international organizations ought always to be subject to adjustments as a result of developments.

However, the congress also resolved that NATO should not be further expanded--either in terms of members or in terms of the area of NATO responsibility. This means that as a governing party the Dutch Labor Party would oppose the admission of Spain (but at present there does not seem to be a majority in Spain for submitting an application for membership).

The opposition to an expansion of the areas of responsibility is shared by the social democratic parties in Denmark, Norway, Iceland, Luxembourg, Belgium, Portugal and probably Italy--but what is perhaps more important, by the larger member states of West Germany, France and Great Britain. When proposals for an expansion are put forward those taking the initiative are nonsocialist, especially conservative, governments within NATO (Margaret Thatcher) and conservative parties and politicians. Given the present stance in the social democratic parties and within a number of governments an expansion of the area of responsibility is impossible. However, what individual members want to undertake independently outside the area of responsibility they can decide themselves.

The Dutch Labor Party wants to work for the dismantling of the blocs to benefit a European peace arrangement, in which neutral countries could also participate, but our own party has expressed its support for this idea on several occasions.

The most exciting point at the congress was that concerning nuclear arms. The Netherlands has six nuclear-equipped combat units, two in each of the three service branches. A considerable proportion of conference delegates wanted all nuclear arms to be removed from Dutch territory and any new ones to be rejected. Joop Den Uyl had announced in advance that he could agree to a formulation which stated that four to five of these nuclear-armed combat units should be deprived of their nuclear arms but that he did not wish that all these nuclear arms should be removed at once since this would decrease the Netherlands' negotiating capacity. If the congress adopted a resolution that all nuclear arms should be removed, he would resign as party leader and consequently as a possible future government leader.

Not surprisingly the congress followed Joop Den Uyl and adopted a formulation which stated that four to five units should be equipped with conventional arms instead of nuclear ones--and consequently Joop Den Uyl remained at his post.

But it was stated that the goal is the Netherlands' complete "denuclearization" and therefore the congress also adopted a resolution rejecting the deployment of the so-called TNF missiles on Netherlands soil. The Dutch Labor Party is thus saying "no thank you" to the cruise missiles and the Pershing 2 missiles, which are intended for deployment in Europe as a response to the ever-growing number of Soviet SS-20 missiles. Of course, on the other hand the Dutch Labor Party wants negotiations on the limitation of the TNF arms as soon as possible.

Because Joop Den Uyl could be the next Netherlands government head these resolutions are not without significance. They also underline the danger of tensions between the United States and Europe in the area of foreign and security policy.

SOCIALIST NEWSPAPER VIEWS NORWEGIAN REACTION TO BREZHNEV LETTER

LD111341 Oslo ARBEIDERBLADET in Norwegian 10 Mar 81 p 7

[Text] Prime Minister Gro Harlem Brundtland said Monday that the Norwegian Government will give close consideration to the concrete proposals aimed at detente and disarmament which Soviet President Leonid Brezhnev has made in a letter to a number of Western governments.

The letter was delivered to Prime Minister Gro Harlem Brundtland Monday by Soviet Ambassador Yuriy Kirichenko. It refers to the main points in Brezhnev's foreign policy report to the 26th CPSU Congress in Moscow.

Brezhnev devotes special attention to some of the concrete proposals from the Soviet side aimed at reducing international tension and facilitating success in the arms control negotiations.

In a press statement Prime Minister Gro Harlem Brundtland said that the proposals will now be studied with interest by Norway.

"Norway will discuss with its allies how the overtures which may have been made can be used to bring about new progress in the work on important questions outstanding between East and West concerning detente, arms control and disarmament," the prime minister said.

Brezhnev's letter to the West is seen as part of a Soviet diplomatic offensive, and is primarily intended to explain the proposals Brezhnev put forward at the party congress last month. The proposals suggest that the deployment of medium-range missiles in Europe be halted at the present level and that a meeting take place between Brezhnev and President Reagan.

British Prime Minister Margaret Thatcher has advised the West to react cautiously to the Soviet offensive and has said that the Soviet Union could show its good will by withdrawing its troops from Afghanistan.

CSO: 3108

COAL IMPORTS, EXPORTS REVIEWED, PROJECTED

Paris COMBUSTIBLES ET CARBURANTS in French Feb 81 pp 3-4

[Article: "The Market in December According to CDF"]

[Text] Domestic Households and Small Industry

a) The Looks of the Market

Without being spectacular, the resurgence of demand made itself clearly felt in the domestic households-small industry market. Total shipments for the month amount to 480,300 tons, an amount which had not been reached since the beginning of the campaign, 5.5 percent above December 1979.

French coal beds yielded 311,000 tons, which is 13.7 percent over the previous year and 23.2 percent above the campaign plan. Particularly of note is the clear growth of extraction of crude agglomerate over previous months. Sales correspond to a month's worth of the total market and are 20 percent lower than those recorded for the same month in 1979.

Importation announces the outflow of 126,200 tons, or a decline on the order of 10 percent from one December to the next. The agglomerate sector for its part sold 6.8 percent more: 42,000 tons, instead of 39,300 tons.

b) Tally of Shipments the First 9 Months

	1979/1980	(in thousands of tons) 1980/1981*	% 1980/81 1979/80
Beds	2,068	1,668	80.6
Imports	1,204	996	82.7
Unmined agglomerations	366	295	80.6
Other producers	22	7	31.8
TOTAL	3,660	2,966	81.0

* Preliminary

Following the first 9 months of the campaign, domestic coal deliveries reveal a severe fall for all producers.

With respect to the coal-beds, a comparison of the results with those for the same period of the previous year and market shares looks this way in percentage terms:

	<u>Sales 9 months 80/81</u> <u>Sales 9 months 79/80</u>	<u>Sales 9 months 80/81</u> <u>8/11 of the markets</u>
Nord	74.5	81.6
Lorraine	96.0	82.1
Centre-Midi	85.0	85.3

The situation for agglomerates is clearly improved as is shown by the rate of market exploitation below:

	April/End of November	April/End December
Crude Agglomerate	67.6 percent	71.8 percent
Processed Agglomerate	77.3 percent	81.0 percent

Industry

a) The Looks of the Market

Responses of the industrials to the INSEE [National Institute of Statistics and Economic Studies] survey for the month of December indicate a deterioration of industrial conditions, largely due to the aggravation of the problem in automobiles. Production remains on a downward curve, except in machine goods industries. Nevertheless, deliveries for the month to this consumer sector are nearly 17 percent above those for the corresponding month of 1979, thanks to the strong month importation gave to the cement-makers.

French beds provided a 254,000-ton share of this provisioning, a 4.9 percent increase, the result of a 9.7 percent improvement in coal sales and a 13.6 percent decline of coke sales due to the weak demand for coke in foundries and electrometallurgy. Total bed sales remained 5.2 percent below those called for in the plan.

Importation announces the delivery of 75,000 tons, including 65,000 tons destined for the cement-works. The corresponding figures for December 1979 were respectively 37,900 tons and 25,100 tons.

b) Tally of Deliveries in 1979 and 1980

	(in thousands of tons)		
Solid Combustibles	1979	1980*	± 1979 1980
Beds	2,643	2,702	102.2
Importations	217	659	303.7
Other producers	27	15	55.6
TOTAL	2,887	3,376	116.9

*Preliminary

Annual deliveries of each of the beds compares as follows as a percentage of those of the previous year and those called for in the Plan:

	<u>1980</u> <u>1979</u>	<u>1980</u> <u>Plan 1980</u>
Nord	98.2	91.0
Lorraine	100.5	100.8
Centre-Midi	109.6	84.3
of which cement-works	202.9	83.9

With regard to imports, deliveries to cement-works represent in total 500,200 tons, compared to 54,800 tons in 1979.

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CSO: 3100

BRIEFS

1980 COAL IMPORTS--France imported 32.2 million ton of solid fuels in 1980, ATIC (Coal Importation Technical Association) says. That figure, 2.2 million tons higher than 1979, marks a new record in the use of foreign coal. French coal production, we recall, was on the order of 19 million tons. EEC provisioning is down: 9,814,000 tons in 1980, against 10,396,000 tons in 1979. Meanwhile, deliveries from outside countries went up from 19,565,000 tons in 1979 to 22,411,000 in 1980. France's main suppliers are South Africa at 9,182,000 tons, the United States at 7,235 tons, Poland at 3,449,000 tons, Australia at 1,646,000 tons, and, in the EEC, Germany at 7,816,000 tons and England at 1,478,000 tons. [Text] [Paris COMBUSTIBLES ET CARBURANTS in French Feb 81 p 2] 9516

COAL PRODUCTION DROP--Coal production from French collieries declined 2 percent in 1980 with 19.13 million tons, compared to 20.13 million tons in 1979, according to preliminary estimates of Charbonnages de France. The decline in French coal production is proceeding more slowly than in previous years: in 1979 there was a 5 percent decline from 21.25 down to 20.13 million tons. Coal production even increased in two of the three French coal beds. In the primary bed, the Lorraine, production grew from 9.6 to 9.8 million tons, up 2 percent, and in the Centre-Midi the growth was 5.6 percent, from 5.15 up to 5.44 million tons. By contrast, a very marked downturn was recorded in the Nord-Pas-de-Calais, 17 percent down, from 5.3 to 4.47 million tons. [Text] [Paris COMBUSTIBLES ET CARBURANTS in French Feb 81 p 2] 9516

INDUSTRIAL COKE PRICES--Starting 1 February 1981 French coal beds put new price schedules into effect for industrial coke. This increase in part affects domestic households in some respects, particularly metallurgical coke and Lorraine products. These increases are the following: Collieries of Nord-Pas-de-Calais: metallurgical coke up 12 percent; seasonal variations have brought this product up 15 Fr instead of up 44 or 45 Fr per ton. Collieries of the Lorraine Bed: all grades of coal up 16 percent; coke up 12 percent; seasonal variations are constant. Collieries of the Centre-Midi bed: coal up 16 percent; coke up 12 percent. [Text] [Paris COMBUSTIBLES ET CARBURANTS in French Feb 81 p 4] 9516

9516

CSO: 3100

BRIEFS

GEOHERMAL SOURCE WATER SHORTAGE--There has been some shortage of hot water supplies from the Siglufjordur Municipal Heating Service because not enough water can be obtained from the boreholes that are in use, according to information MORGUNBLADID received from the mayor. The mayor said that during the recent cold spells it was noticeable that there was not enough hot water to heat the houses. It was then decided to heat the water from the boreholes, which is about 63 degrees Celsius, to over 80 degrees by using diesel engines. Presently, about 90 percent of the houses in Siglufjordur now receive water from the Heating Service. The mayor said, further, that various solutions for this were now being studied by Fjarhitun, Inc., in Reykjavik, and the talk was mostly about deepening and enlarging the holes that are already there, as it would be too costly a risk to drill new holes. He said it was also under consideration to install a double distribution system in the town, but that would be very expensive and probably would not be undertaken. [Text] [Reykjavik MORGUNBLADID in Icelandic 4 Feb 81 p 2] 9583

CSO: 3111

COUNTRY'S LEADERS DEFEND EUROPEAN PARLIAMENT RECORD

Copenhagen BERLINGSKE AFTEN in Danish 24 Dec 80 p 8

[Article by Victor Andersen: "The European Parliament Is Not a Political Nullity"]

[Text] The Progressive Party's member of the European Parliament, Kai Nyborg, refers to the Parliament as a gypsy parliament. The reason for that is that it holds meetings alternately in Strasbourg and Luxembourg--that is, it is always on the move. That is not the only scornful thing that is said about the European Parliament. In general, it is considered to be powerless politically. All attention is directed toward the other two poles in the European bureaucracy: the European Commission and the Council of Ministers. Perhaps it is a mistake to underrate the European Parliament so strongly. Some Danish businessmen are taking a different view, and on the occasion of a visit to the Danish members of the European Parliament at their place of work it was anything but sheer dejection which one encountered. Instead, it was a feeling of slowly increasing influence over what happens in Europe.

On some fashionable staircases in Brussels are swarms of brass nameplates of organizations representing various interests from all over Europe. They crowd together openly to carry on lobbying activities there, in what is considered the center of power.

The same amount of attention is by no means paid to the European Parliament in its wandering life. Danish interest in the European Parliament's activities--a week-long plenary meeting every month and numerous committee meetings in the periods in between--is also extremely limited. The local TV and radio people frequently turn up where the meetings are held, but Denmark's Radio hardly ever appears. Nor is Denmark's voter participation in the direct election of delegates to the European Parliament in June 1979 going to go down in history as a real victory for popular codetermination. The percentage of people voting was 47.8, as compared to a recent turnout of 85 to 87 percent for the Folketing elections.

Businessmen Are Seeking Contact

However, it is possible that the low evaluation of the European Parliament has nearly reached its lowest point, so that from now on there can only be improvement. Some improvement is going on now. Thus, quite a few Danish businessmen have begun to cultivate the Parliament, somewhat in the same way that people employ their personal charms to get inside various institutions in Brussels. Both Danish and European agriculturists and Danish shipowners, insurance people, and brewers are seeking contact with Danish members of the Parliament, and the East Asiatic Company also was very much concerned about the Parliament during its discussions of working conditions in South Africa.

During a visit to the Danish members of the Parliament at their place of employment (an assembly began in Luxembourg during the week before July), an atmosphere of redundancy could not be perceived, either. Of course, the Parliament has no influence on the major part of the European Community's annual budget, which is definite and fixed, and which is particularly concerned with agriculture. However, it has the last word regarding the remaining approximately 30 percent of the budget. That portion involves considerable sums of money which are used especially for social purposes, regional development, energy projects and assistance to developing countries.

Furthermore, every proposal by the European Commission must go to the European Parliament for processing in committee and discussion in plenary session. Its members also have an opportunity to ask questions and initiate debates regarding specific questions with individual members of the European Commission and members of its Council of Ministers. For the same reason, the Danish member of the European Commission, Finn Gundelach, among others, is regularly present at meetings of the European Parliament.

In any case, this procedure provides the public complete access to information on matters concerning Europe, and, in addition, Danish members of the European Parliament assert, it also provides a certain amount of practical influence over what the European bureaucrats in Brussels are actually up to.

Niels Jorgen Haagerup, one of the Liberal Party's three members of the European Parliament, points out that five members of that Parliament, since the election a year and a half ago, have since left their seats to become foreign ministers, and that that has brought about an improvement in the cooperation between the European Parliament and the Council of Ministers of the European Community. They are Belgium's Baron Nothomb, Luxembourg's Gaston Thorn, who now has been succeeded by Colette Flesch, Italy's Emilio Colombo and Denmark's Kjeld Olesen.

In response to a question as to whether Kjeld Olesen had not let down his Danish constituents by leaving the Parliament to benefit European cooperation by getting the Council and the Parliament to get along with each other better, Haagerup answered that such a contribution is being made to just as great an extent by others, particularly by Thorn and Colombo. At any rate, Kjeld Olesen certainly had not been equipped with white wings on that occasion.

On the same subject, Eva Gredal, the Social Democratic member of the Parliament, says that it is typical that while other countries are glad to see that their members of the Parliament can be put to use as cabinet ministers, we in Denmark would criticize as always.

Danes' Influence

The conservative member, former Finance Minister Poul Moller, can describe other aspects of the way power is gained. He and the other conservative member, Kent Kirk, who holds a certificate of competency as master of a fishing vessel, make up the conservative group of the European Parliament, along with 61 British delegates. Although the interests of the British and the Danish fisheries are not exactly identical, the group elected Kirk as the chairman of fishing. As a result, with the strength of a man backed by 63 votes, he has been able to put many Danish views regarding the fishing industry before the Parliament. "On the whole, it is interesting to observe how often we two are able to influence the attitude of the group," says Poul Moller.

Poul Moller succeeded in turning the group around on the much discussed question of pay increases for the members themselves. He got them to agree to a proposal that the increase would go into effect on 1 July 1984--that is, when the present Parliament's term of office expires. He will not seek re-election himself at that time. "I have reached the limit of my ambition," he says.

Poul Moller, who had to leave Danish politics because of illness, is now so restored to health that he has been able to allow himself to be elected one of the Parliament's 12 deputy chairmen. He asked only that he not be given any committee assignments. The job of deputy chairman means that he will be in charge, in rotation, of the frequently dramatic and noisy debates in the meetings, which are attended by 410 people. He does so without difficulty. He is known for coming up with telling remarks, which the members sometimes actually applaud.

He is respected by the British group for his knowledge of history, among other things. When the group was discussing a tunnel under the English Channel, he told them that that question had been a live one since Napoleon I. When the group was considering voting against the budget, alluding to a similar incident in England's history, he commented: "Yes, but you also got a dictatorship 16 years later."

Poul Moller can go everywhere in the Parliament's halls and rooms for group meetings with his nimble remarks in Danish since the Danish interpreter system, which started off weak, has now been expanded and is working well. In numbers, it is the largest in the Parliament, and approximately 125 Danes in all are attached to the machinery of the Parliament, which has a total personnel strength of approximately 1,800.

Among the officials there are also some who take care of the members' expense accounts. It is said that some of the Danish members of the Parliament unblushingly take advantage of these monetary perquisites down to the last krone.

Gifted Young Person

The relationship between Poul Moller and Kent Kirk is good. Moller refers to Kirk as "a brilliant, gifted young person who has all the capability he needs to become an important politician." For his part, Kirk does not take very seriously Moller's eternal grumbling about billeting conditions and the time it takes to transport things. That surliness is something of a cheerful legend among all the Danes, and Poul Moller himself has begun to toy with it. However, the smiles stiffened a little the day Poul Moller got a British aircraft carrying Danish members of the European Parliament called back after it was airborne.

Speaking of influence, Erhard Jacobsen, of the Democratic Center, recently reduced his own by withdrawing from the conservative group and becoming an independent. Ordinarily, he represented the group on the Parliament's Transportation Committee. He was on a visit to Spain with that committee when his absence from an important party meeting in Denmark was regretted.

In his new, free existence, Erhard Jacobsen has been placed at the side of the Irish prelate, Ian Paisley, in the hall of the Parliament. It is at Paisley's request that "the Irish civil war is fought at least once in every session of the Parliament."

A great deal of strength is expended on internal strife within the Danish group of 15 members of the Parliament and the Greenlander Finn Lynge. It attracted attention recently when Jorgen Brondlund Nielsen, of the Liberal Party, created a great deal of difficulty for a fisheries bill of Kent Kirk's. The controversy was continued in Danish newspapers from which it is apparent that the conflict is not personal, but purely an objective political one.

On the other hand, Social Democrat Ove Fich cried "personal attack" from his desk when one of the members of the People's Movement, Jens-Peter Bonde, in a speech to the assembled Parliament, attacked him for betraying the Social Democratic Party's electoral base.

Incidentally, that same Fich is getting away from the position he was in when he was accused of having been skeptical about the European Community in the election a year and a half ago. Now he is a highly regarded and effective member of the Parliament's important Budget Committee. He replaced Eva Gredel when she transferred to the Political Committee after Kjeld Olesen withdrew from it. Eva Gredel, who is considered to be one of the Parliament's "leading women," is scarcely experiencing the same political satisfaction now as formerly. There is a difference between preparing statements on Poland which cannot really bring about any improvements and presenting budget proposals which can upset the powers that be in Brussels.

What the People's Movement Wants

The position occupied by the People's Movement in the struggle for power is not the least interesting thing at the European Parliament. People's Movement member Sven Skovmand has to have more and more material for the history books he writes in idle hours between meetings.

In the beginning, after the election a year and a half ago, the four People's Movement members applied a great deal of ingenuity to demonstrations in the Parliament itself, as if they wanted to influence it. By and large, those activities have ended. Now it is quite clear that their line is to do what is appropriate to present the Danish public with still another argument for Denmark's withdrawal from the European Community.

That method is even being used in cases where the waves of cold air that already surround the People's Movement people in the Parliament grow even larger.

A recent example of this occurred when Jens-Peter Bonde, as a member of a committee concerned with the pay of Parliament members, revealed details regarding the committee's work before it was due to be divulged. In doing this, he followed a logical line of behavior, from his point of view, by making his revelations in a speech he gave on the subject in the hall of the Parliament on the anniversary of Denmark's referendum regarding the European Community, so that there could be no doubts regarding his intentions.

Whatever in the way of nice things can be said about the People's Movement's background and motives, that was out of step with acceptable parliamentary behavior,

Poul Moller, who was in the chair by chance when Bonde put on his show, dropped a dry remark about the unparliamentary nature of the performance, a remark that triggered a round of applause from the assembled Parliament.

Poul Moller himself thinks that, with this incident, the intermezzo must now be over and done with. The British leader of the conservative group, Scott-Hopkins, who is a possible candidate for the position of president of the Parliament a year from now, believes otherwise. He has said that after that breach of fundamental democratic working principles, he never will sit on a committee with Jens-Peter Bonde again.

But the people who are winning votes in Denmark are unquestionably Bonde and his colleagues of the People's Movement. All their achievements go directly into the adroitly edited NOTAT, whose only mission is to run down the European Community. Meanwhile the other Danish members of the European Parliament first have to make their presence felt in the Parliament's political machine by traditional political means, after which they must try to get that mentioned in the Danish press, whose interest in the European Parliament can be expressed in a very small compass in its columns. Triumphs often never get mentioned at home, but all criticisms do get mentioned.

Danish delegates to the European Parliament may well be a bit frightened when asked what they would like to say about current Gallup polls regarding the European Parliament and the Folketing. It is clear that they realize that the People's Movement is strong. Democratic Center member Erhard Jacobsen admits that the Danish delegates to the European Parliament scarcely do enough in the way of cultivating their constituency, which is all of Denmark. "But," says he, "it will be a long time before the next election takes place, since the electoral period is 5 years. Let us wait and see what will happen when it gets closer."

When K. B. Andersen Went To Work

How have the Danish government and government officials viewed the European Parliament--more as a political force or more as a nullity?

Two solitary swallows out in front of everybody else ascribed value to the European Parliament. One of them was Hans Tabor when he was Denmark's ambassador to the European Community in Brussels years ago. He always sent one of his young colleagues to the meetings of the Parliament. It could be Ole Bech, who now is Poul Nielson's department chief in the Ministry of Energy, or Gunnar Riberholdt, who now is Denmark's ambassador to the European Community and the Danish Minister's deputy.

The other solitary swallow was K. B. Andersen, during the period when he was foreign minister. He arrived at a meeting of the Parliament in his capacity as chairman of the Council of Ministers one day believing that it would be something like a social event. When he was able to take the earphones off, tired out 12 hours later, after having been hauled over the coals with questions and inquiries, he decided that the Parliament should receive attention from then on.

But it is as if that resolve had died away again after Tabor and Anderson departed from the European scene. Danish diplomats in Brussels these days do not trouble themselves any more than is absolutely necessary about the European Parliament. On the other hand, the Danish business community is awakening to the realization that the European Parliament is perhaps not the nullity where political influence is concerned that others have wanted to make it.

Danes Work Here

The European Parliament has 15 permanent committees, in which the Danish members hold the following positions:

1. Political Committee. Niels Jorgen Haagerup, of the Liberal Party (deputy chairman), Eva Gredal, of the Social Democratic Party, and Else Hammerich, of the People's Movement against the European Community, are members. Democratic Center member Erhard Jacobsen is an alternate member.

2. Agriculture Committee. Kent Kirk, of the Conservative Party, Finn Lynge from Greenland, Jorgen Brondlund Nielsen, of the Liberal Party, and Sven Skovlund, of the People's Movement, are members.

3. Budget Committee. Jens-Peter Bonde, of the People's Movement, Bodil Boserup, of the Socialist People's Party and Ove Fich, of the Social Democratic Party, are members. Alternates are Jorgen Brondlund Nielsen, Eva Gredal and Kent Kirk.

4. Financial and Currency Committee. Kai Nyborg, of the Progressive Party, is a member, and Tove Nielsen, of the Liberal Party, is an alternate.

5. Energy and Research Committee. Eggert Petersen, of the Social Democratic Party, is a member, and Bodil Boserup and Tove Nielsen are alternates.

6. Committee for External Economic Ties. Jorgen Bogh, of the People's Movement, is a member.
7. Legal Committee. No Danes belong to this committee.
8. Committee for Social Matters and Employment. Tove Nielsen is a member, and Eva Gredal is an alternate.
9. Committee for Regional Policies and Physical Planning. There are no Danish members, but Kent Kirk and Finn Lyngé are alternates.
10. Transportation Committee. There are no Danish members since Erhard Jacobsen left, but Kai Nyborg is an alternate.
11. Committee for Environmental and Health Matters and Employment. There are no Danish members, but Eggert Petersen is an alternate.
12. Committee for Youth, Culture, Education, Information and Sport. No Danes are on this committee.
13. Committee for Development and Cooperation. There are no Danish members, but Niels Jorgen Haagerup and Erhard Jacobsen are alternates.
14. Committee for Budget Control. Bodil Boserup is the deputy chairman, and Jorgen Brondlund Nielsen is also a member.
15. Committee for Parliamentary Procedures and Petitions. Kai Nyborg is the chairman.

In addition, the Parliament has an ad hoc committee for women's rights. Eva Gredal is a member of it, and Else Hammerich is an alternate.

PHOTO CAPTIONS

1. p 8. Poul Moller--known for his nimble remarks
2. p 8. Kent Kirk--young person with great political possibilities.
3. p 8. Eva Gredal--one of the Parliament's "leading women."
4. p 8. Niels Jorgen Haagerup--cooperation is becoming better and better.
5. p 8. Jens-Peter Bonde--talked too much deliberately.
6. p 8. Sven Skovmand--writes history book in idle hours.

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INDUSTRY COUNCIL PROPOSES LONG-RANGE ECONOMY PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jan 81 p 9

[Article by Frank Dahlgaard: "Title Missing"]

[Text] Moderate salaries, tax relief and a decrease in the prime lending rate are the main topics of the Industry Council's "Industry Plan 87."

The Industry Council's new "Industry Plan 87" could decrease unemployment to 50,000 in 1987 while completely eliminating the deficit in the balance of payment.

This was established by the Industry Council's chairman, director Erik B. Rasmussen, who yesterday presented the new industry plan to Prime Minister Anker Jorgensen. The industry chairman made it clear to the press that an "ideological peace" and reform hiatus will be needed during the next seven years, while the ailing Danish economy is being brought back to health again.

The industry's reconstruction plan for the Danish economy is summarized as follows:

1. During the next five years, Danish salaries should continually increase at a rate which is five percent slower than abroad. At the same time the daily unemployment allowance per unemployed should increase at a rate which is 2 percent slower than Danish salaries so that the salary-sliding stimulus is removed.
2. The high lending rate should be brought down, the K-borrowing system should be expanded and the export credit facilities improved.
3. The business taxes should be eased by approximately 6 billion krone a year. The industry council especially wants an easing of the corporate tax. In addition to this, a market arrangement of new corporate capital for smaller companies not listed on the stock exchange should be established.
4. The unfortunate price stop law should be abolished.
5. The energy supply should be secured through a multiple energy policy, including atomic energy. The industry should be exempt from all forms of taxes on energy and raw materials.

6. The educational system must ensure the industry recruitment of qualified workers, and, in line with this, establish new educational branches directed toward technological progress in industry.

The Three Plans

If this "Industry Plan 87" is accomplished, unemployment in 1987 will be down to 50,000 people instead of (with no change in policy) 225,000 people. At the same time, the balance of payments will be equalized in 1987, while a continued "muddling along" would result in a 1987 deficit of a total of 43 billion krone, according to the Industry Council's own calculations.

This improvement in the Danish economy corresponds in general to the positive development which both "the wise men" and the Budget Department recently outlined. All three plans are operating with a marked improvement in competitiveness during the first part of the 1980's, but none of the plans specify how salary development can be kept low.

In contrast to "the wise men" and the Budget Department, the "Industry Plan 87" emphasizes great drawbacks in devaluating the krone.

Old Proposal

As early as 1976, the Christian Democratic Party proposed an economic plan which, just as the "Industry Plan 87," builds on a Danish salary inflation which is five percent below that of foreign countries.

The industry's wish for tax relief will mean a loss in revenue to the government of 4 billion krone, and after two years, this loss will amount to seven billion. However, the industry economists think that if the plan is realized, unemployment will fall, and with that also the expenses of the daily unemployment allowance; and this saved expenditure will, after three years, balance the tax relief.

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CSO: 3106

BUSINESS LEADER MADSEN PESSIMISTIC OVER ECONOMIC POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 1 Feb 81 p 8 pt II

[Article by Carsten Steno]

[Text] Will Denmark be under receivership? "Is there any other solution?" asks the Director of Superfos, which for the past 25 years has become one of Denmark's biggest successful enterprises, and has an annual turnover of over 4 million Danish kroner.

"I do not think that Denmark's politicians can find a long-term, responsible solution to our economic problems. Therefore, the final solution will be administered from without. Can you see any other solution?"

Palle Madsen, 57, administrative director of the grain, feed and chemical concern, Superfos, at least has no difficulties seeing this as a solution. Maybe it isn't too diplomatic to say such a thing, especially not if one used to be a diplomat. However, a farmer's son from Stubbekobing field, with Vendiske blood running through his veins, says things the way he sees them. He did that better when he started in the Commerce Department with a law degree, in the late 40's, when one was to be "as red as any government in power." However, today the situation is different. It is now 25 years since Palle Madsen left the Commerce Department's diplomatic corps to work for Dansk Svovlsyre-of Superphosphate Factory A/S, the foundation of the concern which he later named Superfos and made international, with a yearly turnover of more than 4 billion kroner and with almost 5,000 employees in six countries. This result has not been reached without "truths" being told once in a while, and there is a reason why Palle Madsen has been named "Danish industry's dynamic powder keg." What he says is filled with dynamite; he says that his opinions undoubtedly are shared by many director colleagues and "the man in the street," even though they may express themselves in less concrete terms.

Democracy in Decay

It isn't that Palle Madsen would not like to see Denmark avoid the foreign exchange fund's control. To the contrary, he loves Denmark. Palle Madsen simply does not see any other way out.

"When we will be placed under foreign administration is difficult to say. In Superfos we often talk with foreign bankers, and unofficially, they are not hiding the fact that Denmark probably is ready to be administered. However, publicly,

they are not saying anything and as long as there are countries even deeper in debt than Denmark, we will probably continue to be allowed to borrow and incur debts. That is the unfortunate thing, as we are loading the burden on the next generation, and that is immoral."

Nevertheless, Palle Madsen is not surprised that the economy and the unemployment here are as bad as they are. "Denmark has become a democracy in decay," he says.

"With that I mean that Denmark is a community where the respect for agreements is continually decreasing, and where the borderline between what belongs to you and what belongs to me is becoming more and more blurred.

Look at the way the government has treated A.P. Moller. It is directly damaging. A few years ago we entered into the so-called Grepco-cooperation regarding oil exploration of west Greenland waters. When, after the first drilling, it proved hopeless to continue the exploration, Grepco wanted to break the contract. It did, but it cost millions. In other words, when there is no oil, the contract is good, when there is oil, the contract does not count.

Optimism Is Suffocated

The A.P. Moller case has affected Superfos. Now the local central heating plant in Fredericia has demanded that an agreement regarding the delivery of surplus heat from our fertilizer plant be renegotiated--even though it was signed only 6 months ago, and, in spite of the fact that it offers much greater economic advantages to central heating users than it does to Superfos.

Also, think of the increase in 1979 of the tax on capital pensions and of the large number of broken political promises which we are still experiencing. They are all examples of breach of promise, something which characterizes a democracy in decay."

Palle Madsen pulls out a bundle of notes from his briefcase. They are computer runs of the building projects going on here at home during January. The bundle is thin! Under agricultural and industrial building projects there are, all told, two projects; the rest are offices, banks, public institutions and social housing projects.

"Apart from the erection of our glasswool factory in Wandrup and the expansion of the fertilizer plant in Fredericia, both aimed at higher exports, only one large industrial building project is being built. That tells us something about how the economic policy here at home has smothered optimism. Investments are no longer being made, and as long as the politicians think we should manage the crises through new public expenditures and taxes instead of producing our way out, there is no reason to invest.

Of course, the Social Democrats formally say that we must create production; however, in reality the result is the opposite. The constant discussion about the fact that now OD [expansion unknown] and the central fund will come again before the Folketinget, retards many activities. If the central fund were dropped, we would probably find voluntary profitsharing arrangements, also in Superfos. And with OD in the moth-bag, a completely free stimulus to get new things moving would be created.

Spoiled Danes

But why is democracy decaying? Palle Madsen does not have a standard explanation, nor does he think that the Social Democrats are knowingly destroying the country and the industrial climate. Palle Madsen is not blind to the fact that during the late fifties Social Democrats, such as Kampmann, H.C. Hansen, and Krag, introduced the write-off rules which greatly changed Denmark from an agricultural to an industrial nation.

Why then are the Social Democrats unable to produce leaders of the same caliber today?

"The root of the problem might have something to do with the unenviable working conditions of the politicians. Naturally, it does not make it easier for them that they have to be responsive to a spoilt population's continued demands for more material goods which the country cannot afford."

Palle Madsen himself has never seriously considered going into politics in order to do something about the problem. Of course, it does not quite suit his temperament to just sit in the director's chair at the headquarters in Vedbak and watch the country go to pieces.

"However, it is impossible to be both Superfos director and a politician at the same time. I have chosen what I felt I was most suited for. Still, it is of course difficult for me to accept that Danish industrial development is at a standstill. It is because of this that I am protesting and giving a warning.

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WAGE AGREEMENT SEEN HINDERING ECONOMY'S COMPETITIVENESS

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jan 81 p 8

[Editorial]

[Text] During the last few years, attempts to describe Denmark's very difficult economic situation have used various ominous comparisons. Thus, people have talked and written about a precipice into which the country could fall--or was already falling--about a swamp in which we are stuck, about a muddy ditch into which we could fall, and about a suicide that we are committing. Whichever one we, after objective evaluation and temperament, consider the most suitable of these descriptions, there is reason to emphasize that, during the last year, combined improvement in the economic situation has not taken place. Of course, the balance of payment deficit in 1980 is somewhat less than was expected in the beginning of the year, the rate of inflation was subdued, and, from a foreign currency view point, the year went along fairly quietly. However, at the same time, a marked increase in the unemployment rate took place, and almost no branch of Danish industry was able to avoid deep economic difficulties. Part of the decrease in the balance of payment deficit is most likely caused by a temporary decrease in stock, and in the coming years, with everything else being equal, we must expect a renewed increase in the running balance of payment deficit. The combination of a high unemployment rate, decrease in investment, very large deficit in the balance of payment, and foreign debt, the net amount of which will be more than 100 billion krone this year, places Denmark in an especially bad position also internationally.

In addition, the economic policy action program and the more long-term economic development fostered by the finance minister and the government must now be considered completely ruined. As we know, the government's economists foresee that a balance of payments can be reached during the second part of the 1980's and a moderate surplus can be reached around 1990, when almost full employment should also be reached. This favorable development is especially dependent on the assumption that our competitiveness will improve, and thereby make possible a forceful expansion in our foreign competitive sector. It should, however, be made clear that the decisive factor for a yearly improvement in competitiveness of 2-3 percent during 1981-84, is not in any reasonable relationship to the salary development reflected in today's private labor market. If we assume that the compromise results up to now will be somewhat representative, then the salary increase will be much too large compared to government-policy assumptions. Denmark's economic situation is serious, and the currently expected salary increases must, against this background, be characterized as irresponsible from a community-economic view point. The needed improvement in competitiveness will not happen by this route.

The question then is, which road will the government take in its economic policy? From salary earners, we face the demand that improvements already gained not be neutralized through political interference. When so much satisfaction is expressed with the results of the labor market partners' negotiations, suggesting new duties and taxes in the next breath could be difficult. And a devaluation of the krone would also create cost increases, just as such a policy would have to abolish the automatic cost of living adjustment.

The finance minister, therefore, owes the public an explanation of what effects the lack of improvement in competitiveness would have on the economic development policy.

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CHEYSSON VOICES VIEWS ON EUROPE-AFRICA RAPPROCHMENT

Paris L'EXPANSION in French 6 Feb 81 pp 51-53, 55

[Interview with Claude Cheysson, member of the Brussels Commission responsible for relations with developing countries, by Bernard Lalanne, date and place not specified]

[Text] A nation, Chad, which is being obliterated. The Central African Republic, which cannot awake from its nightmare. A sage, Senghor, who is fading out of the picture... Events today are adding new causes for concern about Africa, to add to the old conflicts. Claude Cheysson, 60, graduate of the Polytechnique, graduate of the ENA [National School of Administration, in France], diplomat, member of the Brussels Commission since 1973, where he is responsible for relations with developing countries--is the "father" of the Lome Convention which links the European Community to some 40 African countries. This was the man best placed to give us the truth about the threats that hang over the black continent.

[Question] After 20 years of recoil, a great number of the independent African states do not seem to have gained anything more than formal sovereignty. Soviet-Cuban aims, Chinese designs, direct or disguised western intervention, and most recently the use of force by an Arab conquistador in Chad: has the stability of the continent ever been so threatened?

[Answer] Independence has not brought these countries national unity: they remain at the mercy of any foreign power who decides to play on their instability: sometimes through control of an ethnic group (in Angola), sometimes through control of the type of political construction (in Mozambique), but the model imposed from the outside is in general rejected by the country, and I say without hesitation that I do not fear the Russians in Africa. When the military phase is over, they show themselves incapable of helping the society to develop itself.

But when the foreigner plays like a fool, dropping money, arms, and mercenaries successively on all the factions, then the danger is greatest. I would have loved Qadhafi to have had a "client" from the start! On the contrary, in turn he supported Hissain Habre, Abba Siddick, Goukouni Oueddei, Kamougue, and he

accentuated all the reasons the country had for being divided. This is why the Chad affair terrorizes me, and I am weighing my words well. Qadhdhafi represents the most serious threat for an unstable country, and as there are several throughout Africa, the same thing could be repeated elsewhere.

[Question] Do you understand Qadhdhafi's scheme?

[Answer] Qadhdhafi unquestionably has in him a bit of a prophet. But I understand neither his actions in Malta, nor what he wants to do in Africa. I read a very beautiful statement describing the ties that could exist between the Touaregs and the Libyans: it makes one laugh, but if I were Algerian, it would send shudders down my spine.

[Question] What would it take today to stop Libyan expansionism?

[Answer] Collective action by the neighboring countries, beginning with the Arabs. I do not hesitate to say that the absence of President Sadat from the company of his Arab brothers since Camp David is a catastrophe. There can be no equilibrium in the southern Mediterranean, as in black Africa, if one ignores Egypt, a country with a very old civilization which has a great geopolitical role to play. Such a rapprochement among the neighbors will establish the context to permit Qadhdhafi to rejoin the group, and if he does not, external support would be justified. Starting from that moment, military support assumes a completely different character than if it results from unilateral action or action requested by someone who everyone knows will not be there three months later.

[Question] You are saying that you do not necessarily criticize external intervention--which has been called "Jaguar diplomacy."

[Answer] No, if the interested countries agree they want it.

[Question] In the weeks to come, France's policy on the African continent is going to be a campaign issue, much more than the development activities to pursue there. Does this not prove to be a setback for you?

[Answer] In that regard, in effect, it is a setback for all those who are interested in development. But I glimpse several encouraging signs, for example in those nongovernmental organizations that one sees germinating and taking root in the midst of these great events: that kid from Karamoja, in Uganda, whom we saw die on our television screen, in our living rooms, this is intolerable. And then, our companies cannot live without growing, which in itself presupposes an opening of markets. The day when feelings and reason will join forces.

[Question] But is it not precisely your activity to promote development which is suspect? "As the entire system is held up by the keystone of capital and the latter is created by the system for the benefit of the North, the process is bolted and shut." This is the opinion of a politician and academic of Upper Volta, Joseph Ke-Zerbo. What is your answer?

[Answer] I completely agree with his analysis. The economic interests which flow from history remain. But what astounds me is that an African politician gives that as a justification! For if it is true, it is certainly because African leaders have not moved ahead with the development of their own population, their own culture, their own identity. When it is a question of improving the cultivation of millet, of preparing a place for rice cultivation with hoes and picks, or of going to plowing cultivation, the starting point is not capital. The first obligation of an African leader is to say that our model of development is only of interest to the extent that he will have found his own system.

[Question] Are you questioning the elites?

[Answer] That is precisely the word. I am not criticizing them, I am questioning them. Besides, they are beginning to understand it: in our Lome Convention we leave it to our partners to decide where the resources put at their disposal will be utilized. Indeed, in the programming of Lome II which took effect on 1 January, 43 percent of the financing has been placed in the rural sector. It was only 35 percent at the time of Lome I and 25 percent several years ago.

Alas! calamities are moving faster than progress. The increases in the price of oil, first of all: the more advanced the country, the more oil it consumed and the harder it was hit. The most poor are the least affected. But the "moderately poor" are wiped out. Then there are the internal realities: in many a Third World country, the institutions set up after independence have been shown to be inefficient, often subject to corruption, and in any case incapable of evolving. The weakness of structures for distribution, storing, diffusion of products and techniques is, in my opinion, one of the great tragedies of the present time.

[Question] For their part, the 60 countries of Africa, the Caribbean, and the Pacific, who are beneficiaries of the Lome accords, were not sparing in their criticisms of the European Community, when they drew up the balance-sheet on Lome I...

[Answer] Well, yes, that shows--and I am rather proud of this--that we have arrived at a relationship in which the recipient does not feel obliged to render thanks continually. Yes, I agree with some of these criticisms: I find the lack of effort by the Community, under Lome I to support mobilization at the global level is a subject of shame. We made our traditional little gestures at the United Nations, made two or three speeches at international conferences, full stop. Under Lome II, both with respect to our partners and with respect to ourselves, it is impossible that we could be that indifferent.

[Question] Is Rene Dumont unfair to write in his latest work that "the European Community is the club of rich countries united to become richer"?

[Answer] I am always dazzled by the pertinence of Rene Dumont's analysis and by his intellectual honesty. But I was also struck by the intemperance of his conclusion. Certainly, the Community does not do what it should be doing, but it does better than anything else: there is no question that when we create, through the Lome Convention, a contractual order with the poor countries that are

our partners, we are bringing them something. When we add technical resources, financial resources, and very close relations, we are making progress. And also when we give them free access for all their products on our market, which is the biggest market in the world. But still more should be done. And especially, what we are building in the Lome Convention, we are tearing down, or almost, in tandem with the other industrial countries, at the global level. We help them produce more cocoa, we guarantee them compensation for their possible export losses, but simultaneously we speculate on a fall in raw material prices on the world market. And it must go all the way to the president of the French Republic and the German Chancellor to finally get an accord signed--a very mediocre one at that--on cocoa.

[Question] Is trialogue in your eyes a way of keeping development aid from being tainted by neocolonialism?

[Answer] I have financing with the Canadians, the Americans, the World Bank... there is even a project with North Korea, and it is not impossible that we might have co-financing with Cuba. When we say to our partners in the Lome Convention: every time you want, we will finance you jointly with one of our friends, whatever may be his political coloration, we are showing that we do not want to dominate. But you are right, one of the objectives of the trialogue is to free those who receive aid from the excess of bilateralism.

We have already demonstrated that this can work. In Africa, we have some thirty projects financed jointly by the Arab funds and ourselves: \$3.5 billion in all. Almost all of this is public development assistance (road construction, railroad modernization, etc.), but among these projects there is much more intelligent coordination, Ghana, Ivory Coast, and Togo are going in together on a large cement works, of 1 million tons per year capacity, covering two-thirds of their needs. We the Community have supplied them the capital and have taken responsibility for the construction of a village and the rail line. The European Investment Bank has decided to participate and, with our help, our African partners have turned toward the Arab market: the financing (\$250 million) comes in large part from the Arabs.

Thus we are coming closer to what a trialogue should be. Moreover, Arabs, Africans, and Europeans have the same desire for autonomous development, independent of the super powers, whether they be states or multinationals. All this gives me great hope. Especially since we are proceeding in a pragmatic way. I would be very upset if one wanted to begin building the cathedral by putting on the roof. Happily, that state of mind has been completely abandoned.

[Question] Do not the efforts of the industrialized countries to escape their energy dependence bespeak a withdrawal that could be tragic for Africa?

[Answer] I do not think so at all. Less oil? More uranium. Carburol? If we want it to be a significant share of the fuel used by our vehicles, we will have to import alcohol. And also, we are more and more dependent on the Third World in our external trade: 40 percent of all community exports are going to the Third World, compared to 23 percent in 1973. One Airbus out of every three is sold in the Third World. Our dependence just keeps growing!

[Question] Mrs Thatcher in Downing Street, Reagan now in the White House...Does the conservatism in the leadership of the most powerful state in the world mean that we are going to see a decline in aid to the most poor?

[Answer] That disturbs me, obviously. We are entering a new era and conservatism cannot prepare us for the great leap forward. This distresses me as a socialist and because I remain young in my ideas. But one is conservative when one is afraid: 85 percent of the French were Vichy-ites, Petain gave them reassurance. All he had to do was move a little now and then. So, I will not compare Reagan with Petain, but in the feelings which lead to this kind of personality, interesting similarities could be established.

[Question] And the fight over Europe's budget? Do we not have there a bad omen for the unity of this community, unity which you need?

[Answer] I see this quarrel as quite minor. But the problem that showed through on this occasion is much more serious. The governments had refused the commission the social package it was requesting to compensate for the harmful effects of the measures enacted in the steel plan. The Parliament told them: you want the community to intervene for the steel industry, there must therefore be global political action. And this is where the quarrel began.

Why bring up all that? To show that in its origin Parliament's reaction is in fact a symptom of unity.

[Question] You are an incorrigible optimist...

[Answer] I accept the word. First of all, I do not see how one can build without having faith. Next, I find that these most recent years have given us several remarkable reasons for believing in man, who is, for me, the starting point and the ending point of everything: the ousting of Greek colonels, the fall of the Caetano regime in Portugal, Spain's return to democracy.

[Question] ...the advent of a Khomeyni in Iran!

[Answer] I am afraid of the prophet Khomeyni. But this spontaneous uprising of the people against a foreign form of acculturation is all the same a fascinating thing. And what is happening in Poland is phenomenal! Here are men who have very simply said: we have the right to exist as men, as workers. And the best spokesman they have found says calmly: perhaps I will be beaten, but I will never lose faith. The end of the 20th century seems to me decidedly characterized by the erosion of ideologies which to a great extent made man disappear. This perhaps is the basis of my optimism.

[Question] We have described Africa as poorly launched, undirected, smothered... What do you yourself say?

[Answer] I am afraid for countries in a natural environment inhospitable to the birth of a nation, for the type of society that produces a Bokassa, a sorcerer, a mage. I fear less for the countries in the savannah than for those societies in the great forest, whether in the Upper Amazon, in Sumatra, or in the Congo basin. If one had to find an adjective I would call Africa "diverse," for progress there will be different from one region to the other. I am not sure that we will be speaking much longer of "Africa."

STATUS OF NATION'S FLEET UPDATED TO JANUARY 1981

Paris DEFENSE INTERARMES in French Feb 81 pp 16-19

[Article: "Status of Fleet as of 1 January 1981"]

[Text] The French Navy is still currently the world's fourth largest, lagging very far behind the U.S. Navy and the Russian Navy. It is closer to the British Navy but, if we confine ourselves to projected ship construction, it apparently will in no way improve its relative position.

Commissioned Ships

1. FOST [Strategic Naval Force]: five 7,500-ton SSNB's [Fleet Ballistic Missile Submarine], totaling 37,500 tons: S-611 Le Redoutable (1971), S-612 Le Terrible (1972), S-610 Le Foudroyant (1974), S-613 L'Indomptable (1975), and S-614 Le Tonnant (1980).

2. Combatant Warships

Major combat ships: 23 totaling 127,000 tons.

a. Two 22,000-ton aircraft carriers: R-98 Clemenceau (1961) and R-99 Foch (1963).

b. One 10,000-ton helicopter carrier: R-97 Jeanne d'Arc (1964).

c. One 8,500-ton guided missile cruiser: C-611 Colbert (1959), completely refitted between 1970 and early 1973. Armament: two single 100mm Model 68 gun turrets, six twin 57mm AA guns, one twin launcher for Masurca surface-to-air missiles, four launchers for the MM-38 [Exocet] surface-to-surface missile can be installed, a SENIT [Naval Tactical Data Processing System], and a helicopter flight deck.

d. Two 5,090-ton guided missile destroyers: D-602 Suffren (1967) and D-603 Duquesne (1970); they were each recently equipped with four MM-38 surface-to-surface missile launchers.

e. Three 4,580-ton type F-67 destroyers: D-610 Tourville (1974), D-611 Duguay-Trouin (1975), and D-612 De Grasse (1978).

f. Twelve 2,750-ton escort destroyers: D-622 Kersaint (1956), D-624 Bouvet (1956), D-625 Dupetit-Thouars (1956), and D-630 Du Chayla (1957), all converted between 1963 and 1965 into guided missile destroyers armed with Tartar surface-to-air missiles; D-627 Maille Brez (1957), D-628 Vauquelin (1956), D-629 D'Estrees (1957), D-631 Esabianca (1957), and D-632 Guepratte (1957), all refitted as ASW ships after 1965 and equipped with 2 single 100mm Model 68 gun turrets, two 20mm cannon, a launcher for Malafon antisubmarine missiles, a sextuple 375mm antisubmarine rocket launcher, two triple launchers for antisubmarine torpedoes, and low-frequency hull-mounted and towed sonars; D-633 Duperre (1957) converted into a command ship in 1973 and equipped with a single 100mm Model 68 gun turret, four MM-38 missile launchers, one torpedo catapult launcher, one WG.13 Lynx helicopter with flight deck and hangar, SENIT system, hull-mounted and towed sonars, and a Syllex decoy launcher; D-635 Forbin (1958) converted into a training ship assigned to the Ensigns Tactical Training School, a helicopter flight deck has replaced the aft twin 127mm AA gun turret; D-638 La Galissonniere (1962).

g. One 3,500-ton C-65 corvette: D-690 Aconit (1973).

h. One 3,653-ton C-70 "corvette" type guided missile destroyer: Georges Leygues (1979).

Light Combat Vessels: 22 totaling 29,500 tons.

a. Two 1,250-ton fast escort craft ("avisos"): F-776 L'Alsacien (1960) and F-778 Le Vendeen (1960).

b. Eight 1,750-ton frigates ("aviso escort vessels"): F-733 Commandant Riviere (1962), F-725 Victor Schoelcher (1962), F-726 Commandant Bory (1964), F-727 Amiral Charner (1962), F-728 Doudard de Lagree (1963), F-729 Balny (1968), F-740 Commandant Bourdais (1963), F-748 Protet (1964), F-749 Enseigne de Vaisseau Henry: one aft 100mm gun turret has been removed and replaced with four MM-38 missile launchers.

c. One 1,650-ton frigate ("aviso escort vessel"): F-729 Balny (1968) with a CODAG [Combined Diesel and Gas Turbine] propulsion system: two diesel engines and one gas turbine, 11,800-14,700 horsepower, one propeller.

d. Ten 1,080-ton type A-69 escorts ("aviso"): F-781 D'Estienne d'Orves (1976), F-782 Amyot d'Inville (1976), F-783 Drogon (1976), F-784 Detroyat (1977), F-785 Jean Moulin (1977), F-786 Quartier-Maitre Anquetil (1978), F-787 Commandant de Pimodan (1978), F-788 Second-Maitre le Bihan (1979), F-789 Lieutenant de Vaisseau le Henaff (1979), and F-790 Lieutenant de Vaisseau Lavallee (1980).

e. One 325-ton coastal escort: P-640 Le Fringant (1959).

Attack Submarines: 21 totaling 19,000 tons.

a. Six 1,200-ton Narval class: S-631 Narval (1957), S-632 Marsouin (1957), S-633 Dauphin (1958), S-637 Espadon (1960), S-638 Morse (1960), all refitted between 1966 and 1970.

b. Nine 700-ton Daphne class: S-641 Daphne (1964), S-642 Diane (1964), S-643 Doria (1964), S-645 Flore (1964), S-646 Galatee (1964), S-648 Junon (1965), S-649 Venua (1965), S-650 Psyche (1967), and S-651 Sirene (1967).

c. Two 400-ton Arethuse class: S-636 Argonaute (1958) and S-640 Ariane (1960).

d. Four 1,200-ton Agosta class: S-620 Agosta (1976), S-621 Beveziers (1977), S-622 La Praya (1977), and S-623 Ouessant (1978).

Mine Warfare Ships: 26 totaling 13,500 tons.

a. Five 495-ton Circe class minehunters: M-712 Cybele, M-713 Calliope, M-714 Clio, M-715 Circe, and M-716 Ceres, all placed into service in 1972-1973.

b. Five former [U.S. Navy] MBO's [Ocean Minesweeper] recently converted into 700-ton minehunters: M-616 Dompierre, M-618 Mytho, M-619 Vin Long, M-615 Cantho, M-617 Garigliano, all launched between 1953 and 1954.

c. Five 700-ton MBO type ocean minesweepers: M-612 Alencon, M-623 Baccarat, M-610 Quistrehem, M-613 Berneval, and M-620 Berlaimont, all launched in 1953 and 1954 and soon to be converted into minehunters.

d. Five 400-ton type D coastal minesweepers placed into service in 1956.

e. Six 300-ton MSC-60 [Coastal Minesweeper] type coastal minesweepers launched in 1954.

Patrol ships and Fast Attack Craft: 27 totaling approximately 6,500 tons.

a. One 180-ton fast attack craft, missile: P-730 La Combattante (1964).

b. Four 115-ton Patra class fast attack craft, missiles: P-670 Trident, P-671 Glaive, P-672 Epee, and P-673 Pertuisane, all placed into service in 1977.

c. Twenty-two miscellaneous vessels, most of them former minesweepers.

3. Landing Craft and Transports: 20 vessels totaling 24,500 tons.

a. Two 5,800-ton LSD's (landing ship dock): L-9021 Ouragan (1965) and L-9022 Orage (1968).

b. Five 1,765-ton LST's (landing ship tank): L-9003 Argens (1960), L-9004 Bidassoa (1961), L-9007 Trieux (1960), L-9008 Dives (1961), and L-9009 Blavet (1961).

c. Two 750-ton BATRAL's [Light Transport]: L-9030 Champlain (1974) and L-9031 Francis Garnier (1974).

d. Eleven 250-ton EDIC [Infantry and Tank Landing Craft]: six became operational in 1958 and five in 1969.

4. Operational Support Ships: 23 vessels totaling 78,500 tons.

- a. One 8,550-ton replenishment fleet tanker: A-628 La Saone (1948).
- b. Two 7,600-ton replenishment tankers: A-629 Durance (1977) and S-607 Meuse (1980).
- c. One 7,740-ton replenishment tanker: A-675 Isere, a commercial tanker purchased in 1965.
- d. Four miscellaneous support tankers: 1,220-ton A-610 Aberwrac'h (1966); 1,195-ton A-625 Papenoo and A-632 Punaruu, Norwegian tankers refitted in 1969; 800-ton A-630 Loc Tonle Sap, American tanker purchased in 1945.
- e. Four 2,075-ton logistical support ships: A-615 Loire (1967), A-617 Garonne (1965), A-621 Rhin (1964), and A-622 Phone (1964).
- f. One 6,495-ton multipurpose repair ship: A-620 Jules Verne (1976).
- g. Two command ships: 2,075-ton A-618 Rance (1965) and 7,440-ton A-626 La Charente, a former tanker converted in 1964.
- h. Two trials and research ships: A-603 Henri Poincare (approximately 12,000 tons, 1968) and 1,150-ton A-644 Berry purchased in 1966 and refitted in 1974.
- i. Six ocean tugs: 650-ton A-660 Hippopotame, 1,153-ton A-666 Elephant, 640-ton A-668 Rhinoceros, 1,080-ton A-664 Malabar, 1,080-ton A-669 Tenace, and 1,080-ton A-674 Centaure, all launched between 1973 and 1975.

5. Auxiliary Vessels and Harbor Craft

Approximately 160 vessels totaling about 50,000 tons: surveying and oceanographic ships, experimental ships, regional support ships, lighters and tenders, coastal and harbor tugs, small transports, etc.

This [paragraphs 1, 2, 3, 4, and 5 above] represents more than 320 vessels with a total displacement of nearly 390,000 tons, including 119 combat ships totaling slightly less than 200,000 tons.

In comparing the Navy's 1 January 1981 status with its 1 January 1970 status, we note both favorable and unfavorable changes that are more or less substantial depending on the ship category considered.

The Strategic Naval Force (FOS) has enjoyed an absolute priority and has quite naturally taken the lion's share, as evidenced by the fact that in the space of 10 years its tonnage has risen from 0 to 10 percent of the navy's total tonnage.

The logistical fleet, the French Navy's traditionally weak point, has also favorably evolved, not only in regard to the number and tonnage of its ships, but also in regard to their average age.

The landing and transport ship and craft category has been bolstered by two light transports, but its other vessels will reach the end of their service life during this decade.

Changes in the status of combatant warships vary widely. Major combat ships--carriers, cruisers, destroyers--and submarines show an increase: three vessels and 5,000 tons more for the major combat ship category, two boats and 4,000 tons more for the submarine category. In contrast, major escort ships--BB [escort destroyers] corvettes--, light combat ships, and mine warfare ships show a sharp decline: major escort ships: four vessels and 9,000 tons less; light combat ships: 19 vessels and 13,500 tons less; mine warfare ships: 19 vessels and 13,500 tons less. Furthermore, except for light combat ships, the downward trend will not reverse itself in the next few years.

Ships Under Construction or Nearing Completion

1. POST

One 7,500-ton fleet ballistic missile submarine (SSNB): L'Inflexible scheduled to become operational in 1985.

2. Combatant Warships

a. Four 3,653-ton C-70 "corvette" type ASW guided missile destroyers totaling 14,540 tons: D-641 Duplex (1981), D-642 Montcalm (1982), No 4 (1983), and No 5 (1985) [as published].

b. Two 3,800-ton C-70 "corvette" type AA guided missile destroyers totaling 7,600 tons: No 1 (1987) and No 2 (1988).

c. Seven 1,080-ton A-69 escorts ("aviso") totaling 7,560 tons: F-791 Commandant L'Herminier (1982), F-792 Premier Maître L'Her (1981), F-793 Commandant Blaison (1982), F-794 Enseigne de Vaisseau Jacobet (1982), No 15 (1982), No 16 (1983), and No 17 (1984).

d. Three 2,265-ton Provence class nuclear attack submarines totaling 6,795 tons: Provence (1982), Bretagne (1984), and Bourgogne (1986).

e. Seven tripartite [Belgium, France, Netherlands] 544-ton Eridan class minehunters totaling 3,805 tons: M-641 Eridan (1981), No 2 (1982), No 3 (1982), No 4 (1983), No 5 (1984), No 6 (1984), and No 7 (1985).

3. Transports

Two 750-ton light transports (BATRAL) totaling 1,500 tons: No 3 (1982) and No 4 (1983).

4. Support Ships

One 7,600-ton Durance class replenishment tanker: No 3 (1983).

Total displacement of ships under construction: 56,900 tons.

Projected Ship Construction

1. Combatant Warships

- a. One nuclear-powered aircraft carrier of approximately 22,000 tons (1991).
- b. Three 3,635-ton C-70 "corvette" type ASW guided missile destroyers totaling 10,905 tons: No 6 (1986), No 7 (1987), No 8 (1988).
- c. Two 3,800-ton C-70 "corvette" type AA guided missile destroyers totaling 1,600 tons: No 3 and No 4 (about 1990).
- d. Three 2,265-ton Provence class nuclear attack submarines totaling 6,795 tons: No 4 (1987), No 5 (1988), No 6 (about 1990).
- e. Eight tripartite 544-ton Bridan class minehunters totaling 4,350 tons: No 8 (1985), No 9 (1986), No 10 and No 11 (1987), No 12 and No 13 (1988), No 14 and No 15 (1989).
- f. Eight 300-ton Super-Patra fast attack craft, missile totaling 2,400 tons: No 1 and No 2 (1983), No 3 and No 4 (1984), No 5 and No 6 (1985), No 7 and No 8 (1986).

2. Transports

Two 750-ton light transports (BATRAL) totaling 1,500 tons: No 5 (1986) and No 6 (1987).

3. Support Ships

One 7,600-ton Durance class replenishment tanker: No 4 (1986).

4. Public Service Ships

- a. Two 2,000-ton SP-[Public Service] 2000 ships totaling 4,000 tons: No 1 (1985) and No 2 (1986).
- b. Four 900-ton SP-900 ships totaling 3,600 tons: No 1 (1983), No 2 (1984), No 3 (1985), and No 4 (1986).
- c. Four 300-ton SP-300 ships totaling 1,200 tons: No 1 (1982), No 2 and No 3 (1983), and No 4 (1984).

Total displacement of projected ship construction: 71,950 tons.

Naval Aviation

On 1 January 1981, the French Navy's air arm comprised:

1. A total of 126 carrier-based aircraft, including some 50 Super Etendards and organized as follows: one Crusader squadron (15 on-line aircraft); three Super Etendard strike squadrons (36 on-line aircraft); two Brequet Alize security

squadrons (28 aircraft whose avionics equipment is to be upgraded shortly); and one Etendard-4 reconnaissance squadron.

2. A total of 46 maritime patrol aircraft, including 35 Brequet Atlantics and organized into four Brequet Atlantic squadrons and one Neptune P2H squadron.

3. A total of 46 helicopters, including 2 dozen W.G.13 Lynx helicopters and organized into:

a. Three Lynx ASW and antishipping squadrons, two of which operate from helicopter-carrying ships, with the third constituting the air group reserved for the Jeanne d'Arc [helicopter carrier] (21 on-line aircraft).

b. One Super Frelon ASW patrol squadron (21 on-line aircraft).

c. One Super Frelon tactical transport squadron.

These two aforementioned Super Frelon units are land-based more often than not, but they can operate from the aircraft carriers, the helicopter carrier, and TCD's [Landing Ship Dock].

4. Some 150 miscellaneous aircraft--Nord 262, C-47, CM-175, Magister, Falcon X, MS-760, C-54, Piper, Navajo, DC-6 and Rallye 880--and some 30 Super Frelon and Alouette helicopters, organized into some 20 school or support units (flights, sections).

Naval aviation has also experienced a steady and appreciable quantitative decline. As a matter of fact, none of the plans made these past 20 years have ever fully materialized.

Another noteworthy fact is the accelerated obsolescence of the aircraft now in service, particularly the Crusaders, Etendards, Brequet Alizes, and Neptunes that should have been withdrawn from service during the first half of the 1970's.

Personnel Strength

The French Navy has a military personnel strength of 68,000, six percent of which are officers and 40 percent petty officers.

Nearly 40 percent of them serve aboard ships and less than 15 percent are assigned to naval aviation.

In addition, there are 42,000 officers, engineers, civil service employees, and blue collar workers in the shore establishment, the Bureau of Supplies and Accounts, and the Central Directorate for Naval Weapons and Shipbuilding.

Deployment of Forces

Conventional surface and submarine forces are deployed in two principal groups:

a. The Mediterranean group based at Toulon. This is by far the larger group in that it has the greater number of major combat ships, including the two aircraft carriers.

b. The Atlantic group based at Brest.

They are equally deployed overseas in the Pacific Ocean and the Indian Ocean where French naval forces have been augmented because of the situation in that region of the globe.

The Strategic Naval Force is based mainly at Ile Longue in the Brest harbor area.

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BANK OF CRETE OFFICIAL SPEAKS ON MONETARY, CREDIT SYSTEM

Athens BUSINESS & FINANCE in English 14 Feb 81 pp 8-10

[Article by Dr George J. Kalamotousakis, vice president-managing director, Bank of Crete**]

[Text] One of the first priorities in Greece following membership of the European Community is to restructure the monetary and banking system--and to give greater authority to the central bank in the conduct of monetary policy.

The present Greek monetary and credit system was put in place at the end of World War II and the civil war in a country which was characterised by very high protection and practically no industry. At that time, in 1948-50, the management of money was placed in the hands of three ministers and two foreign experts, a Briton and an American. This was the so-called Currency Committee, which was all-powerful and was to determine economic and monetary policy as well.

By 1951, the foreign experts were dropped and the committee was enlarged to take in the Minister of Co-ordination as its chairman, the Finance Minister, the Minister of Trade, the Minister of Agri-

culture, the Minister of Industry and Energy, and the Governor of the Bank of Greece. This is the committee which today is the national economic policy-making committee.

The system as it currently functions does not have the necessary flexibility, especially in the implementation of monetary and credit policy. When policy changes are required, the appropriate decisions are usually taken with considerable time lags or delays. The central bank does not have independent authority to design and implement monetary policy; the governor of the central bank has to seek the approval of the Currency Committee for any change the central bank may deem necessary.

Greece's banking system has various peculiarities in its structure, size, organisation and way of operation, coupled with a very inadequate capital market. These are directly related to the stage of development of the Greek economy and to the role the banks play in the country's economic activities. The inadequate nature of Greece's capital market means that a substantial proportion of private savings that would otherwise have been invested in securities go instead either into real estate or into bank deposits, which are characterised by a very high degree of liquidity.

*To pave the way for a re-structuring of the Greek monetary and credit system upon entry into the European Community, the Greek government appointed a commission, headed by Mr N. Harissopoulos, deputy governor of the Bank of Greece. The commission had eight sub-committees, one of which dealt with the credit system, interest rates, and the Currency Committee. The author was the Chairman of this sub-committee. He is also adjunct professor of finance at New York University Graduate School of Business Administration.

Ties of interdependence

As a result, the commercial banks have developed strong ties of interdependence with the country's large firms. This both inhibits the realisation of desired structural changes in the credit markets and affects the quality and structure of the companies' and the banks' balance sheets. The relatively limited self-financing of business firms, combined with their disproportionately high working capital requirements, weakens their capital structure and increases dependence on borrowed funds that can be supplied only by the banking system. Furthermore, this type of funding can encourage the financial support of firms that are either unable or have no interest of modernising their operations in order to become competitive in world markets.

The policy of differentiating interest rates in favour of investment implies an internal interest rate subsidy on long-term loans at the expense of other categories of credit that can be supplied only by commercial banks. Another important factor is the excessive domination of the money and credit markets by a single commercial bank with a market share of over 60 per cent of total deposits and loans.

These peculiarities lead to interventions by the Currency Committee designed to re-distribute the available credit resources in a manner that secures funds for the financing of two basic items: one, a substantial part of the government's investment budget and sometimes the deficit on its operational budget as well; and two, the investment programmes of special credit institutions whose investment activities are not financed by the commercial banks. These activities are concerned with the agricultural sector, residential housing loans, investment infrastructure, and other development programmes.

Abundant shortcomings

This way of re-distributing savings has a number of weaknesses which must be removed now that Greece has become a member of the European Community. The major weaknesses are as follows.

- Commercial banks are required to place more than 35 per cent of their deposits in short-term Treasury bills with very low interest rates. Treasury bills are of three months' duration with an interest rate which is about 40 per

"Commercial banks are required to place more than 35 percent of their deposits in short-term Treasury bills with very low interest rates."

cent below the interest rate a firm would pay for its working capital. This has an adverse impact on the development of the money and capital markets. It also places the responsibility for profitability of the commercial banks on the monetary authorities thereby influencing decisions of the monetary authorities in determining interest rates.

This practice also encourages extensive budgetary deficits, reducing thereby the portion of savings available for the financing of the private sector - commonly known as "crowding out". Finally, the policy of financing budgetary deficits by trying down a large proportion of bank deposits leads to higher pressures on the central bank, and, of course, a rapid expansion of the money supply.

- The financing of special credit institutions through the re-distribution of savings, rather than from the money and capital markets, increases the dependence of these financial institutions on the central bank and obstructs the development of money and capital markets.

- The policy of providing cheap money to some sectors of the economy through the financing of the so-called special credit institutions by the central bank practically eliminates the incentive of these institutions to go to the markets and borrow funds at competitive rates.

- Finally, the obligation of the central bank to finance a substantial part of the funding programme of the special credit institutions creates major inflexibilities in the financial system and obstructs the effective implementation of monetary policy.

Rejuvenating the system

The proposals made by the subcommittee on credit, interest rates, deposits and the Currency Committee were designed to rejuvenate the financial and banking system so as to make Greek banking competitive with that elsewhere in the Community. Because Greece's entry into the European Community requires the free movement of capital after a short transition period, the implementation of the proposals that follow becomes inevitable.

The central point of the proposed measures constitutes the smooth crossing over from today's system of administrative adjustments to a system where the forces of supply and demand in the marketplace will be allowed to play their determining role. In its final form, the system provides for a term structure of interest rates, freely determined, and periodic, but small, interventions by the monetary authorities to guide the direction and the terms of credit extended by the commercial banks.

Replacing subsidies

In order for these changes to be realised, a number of other conditions must be fulfilled:

(1) The subsidisation of the agricultural and industrial sectors and export trade through interest rate subsidies should be replaced by fiscal measures that will burden the national budget. The present cost of all these subsidised is estimated at about \$ 1 billion annually. Part of the subsidy can, in fact, be replaced by outright budgetary grants, a practice that will harmonise Greece's policy with that of the Community.

(2) With the present interest rate policy, the saver subsidises both the public and private sectors of the economy. Moreover, certain branches of the private sector of the economy subsidise some other branches. Through the policy of interest rate differentiation, in conjunction with the complex system of tying or freeing reserves, depending on the type of loan the commercial bank makes, some 41 per cent of bank deposits are tied down with the central bank.

"The weakness of the system and the rather ineffective results as the central bank attempted to manage money in the last five years can be seen by correlating the increase in the supply of money and the rate of inflation."

In order, however, to shift the burden of subsidies to the national budget, it is necessary to introduce a new fiscal framework in the financing of the deficits of the public sector. What this requirement means for Greece is that government tax receipts, including contributions to social insurance as a percentage of GNP, must rise considerably above present levels. The percentage must ultimately reach the average for the other EEC member countries.

Hopefully, the introduction of the value added tax will contribute significantly to the attainment of the above target. VAT will capture a large proportion of taxable income which presently goes untaxed and will raise current tax receipts originating in the country's consumption sector.

(3) The public sector, therefore, will have to cover its future deficits at substantially higher costs by raising the funds it needs at higher and rising interest rates freely determined by the forces of supply and demand.

In order to resolve the structural weaknesses of Greece's credit system and particularly to facilitate the development of the country's money and capital markets, the following policy measures were recommended by the subcommittee.

Facilitating development

First a decisive reduction in the oligopoly conditions that now prevail in the country's banking sector. Beyond the basic requirement of allowing interest rates to be determined by market forces it will also be necessary:

- (1) To separate the clear-cut banking activities of the commercial banks from other types of economic activities—hotels, manufacturing, insurance, etc. To attain this target, however, Greece must introduce legislation that will force the banks to eliminate a rather scandalous system of interlocking directorships through which a commercial bank is both the lender and borrower.
- (2) To enforce strictly the regulation that prevents the commercial banks from lending to any enterprise more than one-fifth of the bank's own capital and reserves.

"Undoubtedly, at some point, even in Greece, it will be realised that there is a very high correlation between the growth of monetary aggregates, the size of the budgetary deficits, and the rate of inflation. One can only hope that this realisation will not come too late."

- (3) To encourage the establishment of new financial intermediaries—real estate investment trusts, mutual funds, credit co-operatives, credit and financial enterprises, investment banks, etc.—which, however, should not be controlled by the commercial banks as is the case today.
- (4) To organise a secondary capital market with a large supply of securities, coupled with the development of dealer specialists so as to create a market with sufficient breadth, depth and resilience.
- (5) To eliminate the system of supporting the results of the commercial banks by the monetary authorities.

The accession of Greece to the European Economic Community will increase the opportunities for the establishment of branches of EEC banks in Greece and of Greek banks in the other European Community countries. Given the freedom

of establishment that will prevail, the equal terms of competition that will exist with regard to these institutions, Greek banks will have to cope with severe competition, both within and without their national boundaries. It is therefore necessary, for the purpose of eliminating the weaknesses of Greece's banking system, to make concerted efforts to improve the institutional arrangements. At the same time, credit institutions will accelerate the process of modernisation in order to strengthen their international competitiveness.

The European Community's 1977 directive for the creation of suitable conditions which will permit the free establishment and functioning of bank branches and other credit institutions of member countries within the Community will be advantageous for Greek banking. The new competitive situation will compel Greece to modernise and improve its banking system by implementing the recommendations of the Commission for the Restructuring of Greece's Banking System, part of which is summarised above.

The weaknesses of the system and the rather ineffective results as the central bank attempted to manage money in the last five years can be seen by correlating the increase in the supply of money and the rate of inflation.

Over the last five years monetary policy has been faced with the difficult task of reconciling the government's objective of reducing the rate of inflation with the need to finance substantial government deficits, while continuing to provide sufficient credit to support private sector activity.

Monetary policy

At the beginning of each year, targets for currency in circulation, M1 (money supply narrowly defined), and bank credit consistent with the projected GDP growth rate and the target rate of inflation fixed by the government are set for the year as a whole. As a rule, however, actual monetary growth has exceeded the targets, and hence monetary policy has, in general, facilitated the

maintenance of high inflation rates.

According to the OECD annual survey of Greece, after taking account of some exceptional factors which led to a temporary upsurge in monetary aggregates in December 1978, the growth in 1978 and 1979 of both currency in circulation and bank credit to the private sector was again higher by about one-quarter than the target provided for. The rate of growth of M1 was 22.25 percent during 1978. Excluding the special factors in December, the rise was almost 21 percent, again four percentage points higher than during 1977. The acceleration of the growth of M3 (money supply broadly defined) was smaller: 22.5 percent in 1977 and 26 percent in 1978. In 1979, the money supply narrowly defined (M1) again rose by some 23 percent, and the money supply broadly defined (M3) by 22 percent, some seven points above the targets set in January 1979.

Undoubtedly, at some point, even in Greece, it will be realised that there is a very high correlation between the growth of monetary aggregates, the size of the budgetary deficits, and the rate of inflation. One can only hope that this realisation will not come too late.

CSO: 4920

FLAG OF CONVENIENCE LAW ANALYZED

Athens BUSINESS & FINANCE in English 14 Feb 81 pp 17,18

[Article by Michael A. Pahlis]

[Text]

THE Geneva Convention on the High Seas stipulates that "Each State shall fix the conditions for the grant of its nationality to ships for the registration of ships in its territory, and for the right to fly its flag."

The same convention also states that there must be a genuine link between the State and the ship, but this seems to be open to very vague interpretation. As the certificate of registry denotes the country to which the ship belongs, all ships must be registered somewhere. But some countries, such as Bermuda, Liberia, Panama, Somalia, etc., allow foreign national ships to fly their flag without serious formalities. "Open registry" is the name for this status.

Therefore, countries where the right to fly the national flag is subject to stringent conditions and involved responsibilities, are definitely handicapped. Unfortunately, the 1979 UNCTAD attempt to reduce "Open Registry Fleets" failed. The evolution of the Greek owned merchant fleet under Greek and foreign flags is shown in the graph. Although the percentage in Gross Registered Tonnage (GRT) increased from 38.81 (1968) to 68.13 (1977) the ratio of GRT to the number of ships reveals a different picture as can also be seen from the graph.

Ships under:	1968	1977
Greek flag	4,738	13,689
Foreign flag	8,614	16,787

Obviously, the greater part of the large sized ships are still registered under foreign flags. Table 1 gives us some idea of Greek-owned merchant ships under foreign flags, in GRT groups, as at 31st October, 1977.

In addition, the distribution of Greek merchant ships under the Greek flag in GRT groups as at 31st December 1977 is shown in Table 2.

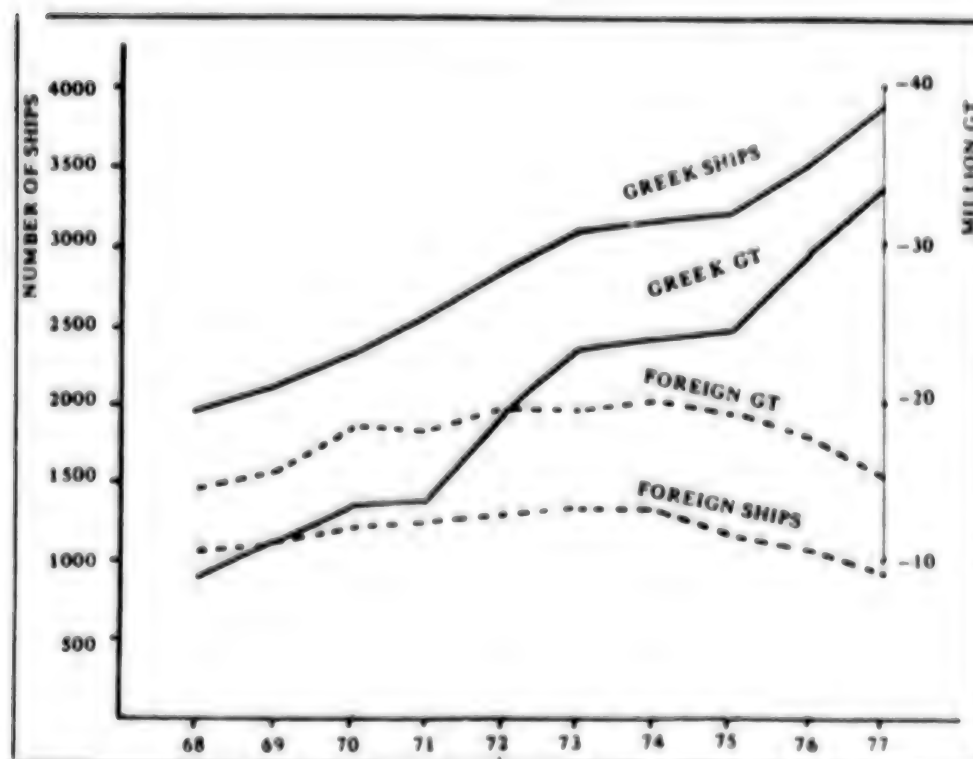
From this data, it can be concluded that Greek ships prefer the Greek flag for an average tonnage per ship of up to 30,000 and show greater interest in foreign flags for tonnages per ship over 30,000.

Why does the Greek-owned merchant fleet still use flags of convenience?

1) *Taxation* - Ship-owning companies are not taxed on their activities that generate profits from ships. Law 27/75 as amended and supplemented by Law 814/78 imposes an average yearly tax of US\$1.30 per gross ton per ship, according to the tonnage and age of each ship. Thus, a ship of 100,000 GRT has to pay an amount of US\$130,000 per annum.

Table 1:			
GRT Groups (1)	Number of ships (2)	GRT (3)	Ratio (3/2) (4)
100-10,000	708	2,285,518	3,228.13
10,000-30,000	278	4,807,476	17,293.08
30,000-100,000	143	7,266,620	50,815.53
100,000 and over	43	5,110,947	118,859.23

Table 2:			
GRT Groups (1)	Number of ships (2)	GRT (3)	Ratio (3/2) (4)
100-10,000	2,725	8,548.13	3,298.62
10,000-30,000	974	14,111.32	15,309.27
30,000 and over	187	9,154.67	51,203.71



Could this be the reason for the registration of Greek-owned ships under a foreign flag?

We may assume that taxation for large sized ships is indeed a barrier for their registration under the Greek flag, provided that the ship does not enlist nationals as crew members, as we shall see in the next paragraph.

2) *Crew* - Officially, manning by non-nationals is permitted in Greece, according to a recent decision of the Ministry of Merchant Marine, whereby 25% of the lower-ranking crew members of each Greek ship can be selected from foreigners.

In spite of this, ships flying foreign flags, and belonging to Greek-owned interests have the right to sign agreements with NAT (the Seamen's Pension Fund). This means that these ships are in the position they would be in if they were taxed as per law 27/75. Law 29/75, as amended and supplemented by Law 814/78 imposes almost the same amount of contribution to NAT, that is an average yearly contribution of US\$1.30 per gross ton per ship, according to the tonnage and age of each ship.

3) *International Safety Regulations* - It has been stated that countries of "open

registry" may not have the adequate administrative machinery to enforce international safety regulations. However, even if the above happens to be true, the majority of the Greek shipowners, who are users of flags of convenience, maintain high standards of safety regulations on their ships. In other words, it is not the case that the partial absence of safety equipment items will induce Greek shipowners to fly flags of convenience.

Is there a possibility that the Greek flag will also become a flag of convenience?

The responsibility for the registration of ships under the Greek flag has been delegated to the Union of Greek Shipowners (E.E.P.) by the decision No. 54004/20/7 dated 27/11/75 of the Ministry of Merchant Marine. The question is whether or not this Union possesses all the necessary documentation when it decides that a ship is to be allowed to fly the Greek flag.

Shipowners of other countries, where taxation is very high, may be interested in obtaining the Greek flag for their ships. As a result, it is understood that a considerable number of applications have been made to the Union of Greek Shipowners for the registration of ships under the Greek flag, and that in most of the cases, approval is being granted.

ANTI-SMOKING CAMPAIGN, EFFECTS ON ECONOMY ANALYZED

Athens BUSINESS & FINANCE in English 14 Feb 81 pp 11-16

[Text] Two years ago, the Minister for Social Services, Mr Doxiadis, began – for the first time in Greece, – the anti-smoking campaign. The dilemma 'smoking or health', is not, of course, a new one. As far back as 1950, the governments of various countries had started to inform and warn their people about the "disastrous effects" of this product, which was first seen by Columbus, and brought to Europe by Nicot, 400 years ago. Furthermore, the anti-smoking campaigns have been based on various studies that apart from the damage to the health, smoking also causes serious problems for the economy.

It is significant to note that in 1976, the smoking habit cost the USA 30.35 billion dollars, or almost the same amount that the government spent on the whole sector of health. (33.4 billion dollars).

The problem "smoking or non-smoking" is an aspect of the State policy which would not be so complicated if tobacco did not constitute such an important export product, and a major source of tax revenue for our country.

Even while the Ministry of Social Services was planning its anti-smoking campaign, and studying the economic losses of the smoking habit, the Ministry of Agriculture was giving new incentives and increasing subsidies for the tobacco producers. How can we speak for such a contradictory policy? Before we attempt to answer that question, we should look perhaps for the answers to some other questions, and first of all:

WHAT WOULD HAPPEN IF PEOPLE WERE TOTALLY CONVINCED THAT TOBACCO WAS AN ENEMY AND IMMEDIATELY STOPPED SMOKING?

It is significant that in recent years, the tobacco producers have attained a satis-

factory income level, and it is very difficult to change the cultivated crop.

– In 1979, 77,287 tobacco producers cultivated 657,063 acres, and produced 80,551 tons of tobacco for export.

– In the same year, 26,324 tobacco producers cultivated 217,083 acres, and produced 26,200 tons for domestic consumption.

– About 130 tobacco enterprises, with 14,000 employees exported 45,633 tons of Oriental tobacco, and collected in exchange 164,954,000 dollars and 7,688 tons of Burley type, and collected 20,729,000 dollars.

– In 1979, the six largest Greek industries with a total of 4,000 employees, produced 2,342 tons of non-filter cigarettes, and 22,570 tons of filter cigarettes, with a total value of 22,464 million drachmas. Of this, 12,953.6 million drachmas was the government's tax income. (Tobacco is one of the most heavily taxed consumer goods).

– There are 30,000 tobacconists and others employed in the marketing of cigarettes.

– So 151,611 unemployed persons would be added to the number that

'Official statistics' indicating total deaths and deaths due to smoking, per age and sex in Greece (1975)						
Age	MEN			WOMEN		
	Deaths	Deaths due to smoking	%	Deaths	Deaths due to smoking	%
35-44	1,122	38	3.4	708	3	0.4
45-54	2,536	160	6.3	1,585	14	0.8
55-64	5,780	803	13.9	3,584	69	2.0
65-74	11,216	1,870	16.6	8,646	198	2.3
75+	16,919	2,830	16.6	21,733	497	2.3
Total	37,573	5,691	15.1	36,256	782	2.2

already exists.

- The State would have its tax revenues reduced by about 12,953 million drachmas, and,
 - would lose 185,683,000 dollars in foreign exchange.
- This is something that no government would be willing to face.

WHAT ARE THE ECONOMIC EFFECTS OF SMOKING?

According to a study conducted under the auspices of the Professor of Hygiene and Epidemiology, Mr Trihopoulos, about 10% of the total deaths in our country are as a result of the smoking habit. Another study conducted by the Ministry of Hygiene in the USA stated that the deaths from smoking, as a result of cancer, or heart diseases, amounted to 254,087 in 1976, or 13.29% of the total deaths.

Considering, according to Prof Trihopoulos, that 8,000-9,000 men and women die in Greece every year as a result of smoking, the Ministry of Social Services attempted to estimate the economic costs of smoking in Greece, and concluded that is in excess of 5 billion drachmas. In estimating the cost of smoking, the following factors were taken into consideration:

- a) the number of working hours lost because of smoking.
- b) the value of the lost labour, or its contribution to the national income.

According to the study's estimations:

- the loss of National Income due to premature deaths is at least 3,079,000,000 drachmas.
- the cost of nursing those who eventually die is 210,000,000 drs.
- the cost of nursing those who are ill with smoking-related diseases is 1,243,000,000 drachmas.
- the loss of national income from the increased unhealthiness is 507,000,000 drachmas.

The total losses due to the smoking habit in 1978 were 5,039,000,000 drachmas.

WHAT ARE THE EFFECTS OF THE ANTI-SMOKING CAMPAIGN?

According to a study conducted by Mr Tsopelas of the Ministry of Social Services, tobacco consumption in 1978 increased significantly in relation to that of 1977, although the 1979 and 1980 levels remained the same. Other conclusions reached by the same study were:

- 1) Continuous price increases for cigarettes does not affect consumption.
- 2) Economic prosperity (higher incomes) will not affect cigarette consumption.
- 3) The only factor contributing to the decrease in the consumption of cigarettes was the anti-smoking campaign of 1979 and 1980. It is proposed that this campaign be intensified to decrease consumption still further in the next few years.

TOBACCO CONSUMPTION PER PERSON IN 1976 (in kilos)			
DEVELOPING COUNTRIES			
Cuba	2.40	Algeria	1.02
Argentina	2.34	Philippines	0.81
S. Rhodesia	2.19	Iran	0.78
Syria	2.01	Mexico	0.78
Korea	1.53	Morocco	0.75
Turkey	1.52	Indonesia	0.69
Colombia	1.36	Pakistan	0.63
Brazil	1.27	Bangladesh	0.60
Venezuela	1.14	Egypt	0.57
Iraq	1.09	Tanzania	0.48
Thailand	1.07	India	0.38
		Zair	0.32
China	1.07	Nigeria	0.13
DEVELOPED COUNTRIES			
Canada	2.84	France	2.15
Belgium	2.84	Australia	2.10
Holland	2.81	England	1.90
Switzerland	2.78	Spain	1.90
Denmark	2.70	Austria	1.83
Japan	2.57	Norway	1.71
Greece	2.54	Italy	1.70
West Germany	2.52	Sweden	1.43
USA	2.50	South Africa	1.42
Ireland	2.30	Portugal	1.02
SOCIALIST COUNTRIES			
Poland	2.97	USSR	1.55
Bulgaria	2.90	Czechoslovakia	1.54
Hungary	2.35	East Germany	1.53
Yugoslavia	1.91	Romania	1.48

HOWEVER:

As can be seen from the anti-smoking measures taken by various countries, (for example the banning of cigarette advertising on radio, TV and the cinema, warnings printed on the cigarette packets, etc) and in Greece the banning of cigarette advertising on radio and TV have not had encouraging results.

— The consumption of tobacco per person in the developed countries where anti-smoking campaigns have been con-

ducted, is higher (see table 2) that it is in the developing countries. In Canada and Belgium, for example, this consumption is 2.84 kilos, while in the Philippines it is 0.81, and in Morocco 0.73.

— Even in those countries it is expected that consumption will increase in the next few years. It is thought that by 1985, the consumption per person will have increased from 2.10 (1975) to 2.11 kilos.

— The General Secretary of UNITAB, Mr Raymond Mareau of France pointed out the increasing consumption of ci-

Development of tobacco consumption in thousand tons				
Month	1977	1978	1979	1980
January	1,858.2	2,042.3	2,259.5	2,367.4
February	1,951.7	2,140.2	2,126.7	2,211.1
March	2,162.6	2,162.0	1,999.1	1,972.4
April	1,896.8	2,008.2	2,075.9	2,037.5
May	2,013.4	2,127.2	2,241.3	2,111.3
June	2,003.2	2,144.5	2,054.5	1,967.8
July	1,933.4	2,090.8	2,094.2	2,108.4
August	2,065.3	2,111.7	2,118.6	1,973.8
September	2,022.0	2,042.3	1,969.5	2,087.5
October	1,936.5	2,130.7	2,209.3	2,188.4
November	2,018.3	2,092.5	2,053.0	1,945.8
December	1,979.1	1,977.9	1,908.7	—

garetttes in the developed countries, giving statistics from some of the European countries. In France, he said, consumption of cigarettes had increased from 75 billion in 1970 to 85 billion in 1975. In Italy the figures were 70 billion in 1970 and 90 billion in 1979, in West Germany 118 billion (1970) to 123 billion (1978).

— Worldwide, cigarette consumption reached 614 billion in 1978, from 533 billion in 1970.

WHY DO THE ANTI-SMOKING CAMPAIGNS LEAVE NO ROOM FOR OPTIMISM?

First of all, because every anti-smoking campaign must be followed by a drastic reduction in the amount of tobacco that is put on the market for consumption. On this subject the following points require consideration:

— Since 1950, various governments in various countries have made no effort to stop the encouragement and incentives offered in the cultivation, trading, and consumption of tobacco. As a result, the tobacco producers each year were assured of higher and higher security prices, and were encouraged to increase their production. Tobacco traders were also encouraged through export subsidies, which were offered with the aim of increasing the flow of foreign exchange into the country. Only the consumers, were ultimately left to bear the brunt of

the campaigns. Finally, the consumers themselves, were still being exposed to the bombardment of cigarette advertising.

— In 1979, the State subsidised producers of tobacco for export to the amount of 2,200,000,000 drachmas.

— In the developed countries — the USA and Canada for example — the cultivation of tobacco is one of the most important agricultural activities, and is usually encouraged by the government in the same way as it is in Greece. In 1977 for example, the US Ministry of Agriculture spent about 64 million dollars on the cultivation of tobacco.

— In 1975, the EEC gave 206 million dollars to the tobacco producers.

— Generally, for the encouragement of the tobacco producers, the government budget each year gives over 2 billion drachmas, and receives 12.5 billion drachmas.

It should also be borne in mind that today, 120 countries produce tobacco for both domestic consumption and export. All these countries try to increase their production, in order to satisfy the demand. Greek production has stabilised at 120-125,000 tons a year, from 61,000 tons in 1938 (including tobacco for domestic consumption). Last year, there were difficulties absorbing Greek tobacco on both the domestic and foreign markets, and tobacco stocks were created. These stocks have today reached 85,000 tons. The production of tobacco

INTERNATIONAL PRODUCTION AND DEMAND OF TOBACCO

	Present			Future Rates of Development			
	1962-64	1972-74	1976	1985	1985-1988	1988-1991	1991-1995
PRODUCTION (thousand metric tons)							
International	4,436.9	4,948.6	5,678.5	6,308.9	1.1	2.0	2.0
Developing	2,328.7	2,664.6	3,278.6	3,973.3	2.1	2.8	2.8
Developed	2,108.2	2,084.0	2,400.3	2,335.6	-0.1	1.0	1.0
CONSUMPTION							
International	3,549.7	4,458.0	4,658.3	5,544.3	2.3	1.8	1.8
Developing	1,680.8	2,137.7	2,289.5	2,978.3	2.4	2.8	2.8
Developed	1,868.9	2,320.3	2,368.7	2,565.9	2.2	0.8	0.8
CONSUMPTION PER HEAD (Kilos)							
International	1.12	1.17	1.16	1.17	0.4	0.0	0.0
Developing	0.78	0.79	0.79	0.84	0.2	0.6	0.6
Developed	1.87	2.11	2.10	2.11	1.2	0.0	0.0

for domestic consumption reached 28,000 tons in 1978, and created further problems, as the Greek industry absorbs only 10-12,000 tons.

SMOKING OR HEALTH?

It might be more appropriate to ask ... "Smoking or the threatened economy?" Even though the governments of various countries do try to inform their people of the possibility of the harmful effects of smoking they continue at the same time, to encourage the cultivation of tobacco because:

- they have not yet found a substitute for the State income from taxes on tobacco and tobacco products
- they have not yet found a way to turn the tobacco industry to other products so as to prevent the sudden influx of thousands of unemployed workers.
- they have not yet found a way to restructure the cultivation of tobacco, and replace it with the cultivation of other products which would as easily be exported, so as not to affect the income of the tobacco producers, or the balance of payments.

Smoking could possibly have adverse effects on the health. But the question appears to be, if there are financial benefits to be made, do these justify the cost to the economy of the medical care?

Various societies have already conducted studies on this subject, and have concluded that the contribution of the tobacco industry to the economy is substantial enough to make smoking acceptable. Developing countries have also concluded that tobacco cultivation is acceptable, and constitutes a profitable economic enterprise, that assists in the balancing of imports and exports, dealing with unemployment, and results in increased foreign exchange, and tax revenues. It is expected therefore, that in the developing countries, cigarette consumption will by 1985 have increased by 2.5%

At the same time, the developed countries, according to new understanding about the programming of health, have found that the most effective

**Tobacco consumption in
th. tons from 1970-1979**

Year	Total	Imported
1970	17,028.8	18.4
1971	17,412.5	25.0
1972	18,376.4	32.8
1973	19,608.5	35.8
1974	20,704.5	25.4
1975	21,503.7	31.8
1976	22,836.9	50.9
1977	23,863.6	73.9
1978	25,067.0	125.6
1979	25,085.3	173.2

way to plan policy is through the National Health Programming. In this way, the health policy achieves its targets when it is associated with the other sectors, and with the economy in general.

However, it is obvious that often, these health programmes are in direct contrast with the achievements of the economy, even though both policies may be concerned with the nation's good prospects and welfare. It is a national policy that the people be informed about

the possible effects of smoking, and are not exposed to only the one-sided cigarette advertisements. But for the time being, it is necessary for the economy for the cultivation of tobacco to be encouraged, as it offers profits to the State, and through the state, to a great number of people.

Perhaps in the future, people may stop smoking completely. But this will be a result not only of the anti-smoking campaign, but also of the broader changes in the quality of our life. Today, even those who do not like smoking, and do not smoke, are forced to live in cities like Piraeus and Athens, in which the atmosphere is sometimes worse than that in a room full of smokers, especially in the centre.

Health and economy, or welfare and prosperity, generally, are the aims of every society. But the problem is that health programming needs money. And the money comes from the economy. And the economy benefits from the cultivation of even these 'fleurs du mal'.

GRONDAL: SOVIET POWER GROWTH ICELANDIC CONCERN

Reykjavik MORGUNBLADID in Icelandic 5 Feb 81 p 11

[Article: "Benedikt Grondal: Are We Sleeping While Others are on the Alert?"]

[Excerpts] World affairs are now in a serious state; the period of detente is unfortunately over and the danger of war is considered much greater than it has been for a long time. The greatest danger is considered to be that the war in the Persian Gulf will spread and that the great powers will be drawn into it; besides, the battle is over oil, without which the Western countries and Japan cannot live. From there war could suddenly spread to Europe and the Atlantic Ocean.

Authorities everywhere are deeply concerned about this situation, and governments are taking all kinds of precautionary measures. Here in Iceland, however, the matter is hardly mentioned publicly, just as if it had nothing to do with us.

Abroad, the horrible possibilities are constantly being considered that a war could be a short-term conflict of complete destruction, fought with nuclear weapons. It is more discussed, however, that it would not come to that until conceivably during the second phase after a great conflict with other weapons.

If the latter happens, Icelanders must realize the following main points:

- 1) During a new war, naval warfare would be much more extensive and much more important than during World War I and II. Extensive new techniques have entered the picture and all preparation in this field has been increased intensely.
- 2) Iceland is no longer on the outskirts of the conflict areas in the North Atlantic but in the center.
- 3) During World Wars I and II limitless submarine warfare did not start until 1 to 2 years after the war broke out. Now all submarine warfare starts immediately.
- 4) In the horrible event that a new conflict would break out between the great powers, it must be taken as a given fact, that there will be fighting in Iceland in some form; bombings of targets in the country, at any rate.

This horror-inducing statement that Iceland will be subject to fighting or attacks during war is valid whether the present defense policy is pursued or the policy of the People's Alliance to make the country defenseless. At the beginning of a war the great enemy powers would, if the country is without defense, prepare a raid in order to gain control of stations here in the country. The greatest danger would be that fighting would take place in the country and about the control of the country.

The development of military warfare in the Atlantic has directed attention considerably to the so-called GUK-gap, that is Greenland, Iceland and the United Kingdom and the gap between these countries. The Soviet fleet is monitored carefully from stations in these countries. This gap would be a serious hurdle for the Soviets during war. It would actually be abnormal if the Soviet Naval Department did not pay close attention to Iceland. One hundred and sixty flights that were made over to the Icelandic defense zone in 1980 prove that 10-15 percent of the exercises of Soviet ships and airplanes now go south of Iceland.

The Atlantic Alliance has undertaken all kinds of preparations to meet the development described here. Great progress has been made in submarine counterattacks and many new ships have been built. Supplies of weapons are to be transported to Norway and perhaps other countries, and the Americans are preparing to quickly fly a big army (Rapid Deployment Force) to any destination. The defense of Iceland has been based on the fast air transport of marines who would be able to get here within 12 to 24 hours notice.

In the United States, recently, there has been a rather severe criticism of the military force of the country, and it has been said to be considerably weaker than what the authorities have maintained. The same criticism has cropped up here concerning the defense of Iceland which has been considered insufficient.

Since the Althing has taken the policy line to keep NATO defenses here, it is absurd, from the Icelandic point of view, that this defense not be sufficient. It is difficult, however, to judge this, and the Icelandic authorities are now, as before, ill-prepared to evaluate that.

When detente was at its peak and the relations of the great powers seemed fine and improving, an agreement was reached in 1974 to reduce the number of people in the defense force and to stop their activities. Now the situation has deteriorated considerably and the right thing to do is to arrange the defense of the country accordingly, just as other nations do.

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JOHANNESSON, HALLGRIMSSON REACT TO GRONDAL WARNING

Rekjavik MORGUNBLADID in Icelandic 6 Feb 81 p 17

[Article: "Geir Hallgrimsson, chairman of the Parliamentary Foreign Relations Committee: The Most Essential Tasks in Defense Matters Are the Terminal and Storage Tanks in Helguvik"; passages enclosed in slantlines printed in boldface]

[Text] The Independence Party has always followed the policy that the security of the nation and the people must be evaluated in view of what the situation is each time. This is my basic view in this matter. The fact is that the military activities of the Soviets have greatly increased in the northern areas and in the proximity of Iceland. The development in the international arena has undeniably confirmed as well that they do not hesitate to use their power when they feel like it.

"The continuation of detente depends on the Soviets," said Geir Hallgrimsson, chairman of the Independence Party and chairman of the Foreign Relations Committee, when MORGUNBLADID asked his opinion on Benedikt Grondal's article: "Are We Sleeping While Others are on the Alert?", published in MORGUNBLADID yesterday.

"Unfortunately, we Icelanders do not yet have the native expertise at our disposal, and we have not arranged matters so that our independant evaluation of various military phases regarding our independence is on hand," said Hallgrimsson. "We must therefore, much more than otherwise, respect the views of our allies, and the Americans in particular, whom we have entrusted with our defense with a special agreement.

The most necessary tasks in defense matters at present are to improve the position at Keflavik Air Base by building a new air terminal there. Both we and the defense force will reap obvious benefit from that project. Furthermore, a decision must be made to build new fuel tanks for the defense force in Helguvik and undertake that project.

Olafur Johannesson: Increase in the Defense Force Not Timely

/"That is not my evaluation now," answered Olafur Johannesson, foreign minister, when MORGUNBLADID asked him yesterday whether there was any reason for an increase in the defense force again, or to strengthen the defense of Iceland in some other way. MORGUNBLADID asked Johannesson this question in reference to an article by Benedikt Grondal, member of parliament, and former foreign minister in MORGUNBLADID YESTERDAY: "Do We Sleep While Others Are on the Alert?"/

I agree with Grondal that the situation in world affairs has worsened, but I do not agree with him that detente is dead. On the contrary, people now try to work in the spirit of detente, such as on the Madrid-CSCE," said Johannesson. "But Grondal is right when he says that there are many warning signs aloft."

MORGUNBLADID then asked the foreign minister how Icelanders should react to these warning signals. "We must continue to work towards the detente policy; fight for reciprocal disarmament, especially with regard to the most dangerous weapons," said Johannesson. "An arms race cannot but end in a disaster. We must, however, not give up, but show patience and continue to work unhesitatingly towards implementing the policy of detente."

Benedikt Grondal: We Must Continually Follow Up On Fluctuations in World Affairs.

"I am not prepared; I am in no position to say anything definite about that," said Benedikt Grondal, former foreign minister, when MORGUNBLADID asked him yesterday if it could be concluded from his article in MORGUNBLADID yesterday that it was time to increase again the number of men in the defense force. "What I wanted to do with this article was first and foremost to create an understanding of the fact that we must continually follow up on fluctuations in world affairs, and not sleep peacefully whatever happens."/

The discussions in these matters now center around a landing station in Helguvik, and I want to state that I think it is obvious that the oil tanks should be moved away from the town," said Grondal. "I do not think it is unnatural either that the defense force needs more oil supplies than in previous years because of increased activities of both parties around Iceland, and that more powerful aircraft need more fuel than older aircraft.

I consider it, however, necessary that more points than Helguvik be included in the discussion, and that this discussion depends on the circumstances each time. For example, it strengthens our security considerably to have flying radar stations, either the AWACS-aircraft that came in 1978 and I authorized, or comparable aircraft. I want to promote more and better understanding among the people that we are part of the world and must pay attention to what is happening around us. That is why I wrote this article, and it is imperative that those people who choose to conduct one-sided opposition in these matters, do not take charge with regard to subject matter and magnitude."

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CONSERVATIVE PAPER DECRIES GOVERNMENT RECORD ON INFLATION

Reykjavik MORGUNBLADID in Icelandic 8 Feb 81 p 16

[Editorial: "Sitting Still in the Same Place"]

[Text] Dr. Gunnar Thoroddsen, prime minister, said in a speech in the Althing 6 May 1980 almost 3 months after the government was formed: "It is the goal of the government to keep price changes below seven percent from May until August, and below five percent from August to November. If this is successful, the price increase from the beginning to the end of the year would be under 40 percent."

At a press conference Prime Minister Thoroddsen held in the beginning of August in connection with the 6-month anniversary of the government, he said that "it looked like the inflation would be below 50 percent at the end of the year." [As published] that from May to August the price increase amounted to 10.12 percent.

In a news release, issued by the government in the beginning of November when it was evident that the price increase from August to November would amount to 10.68 percent, said: "The inflation has therefore gone down from over 60 percent to 51 percent during the tenure of the government, computed on a yearly basis."

In the government organ DAGBLADID a single column news report at the end of January stated that from the beginning to the end of 1980 inflation had been 59.75 percent, but by applying the same method of calculations, the inflation amounted to 60.78 percent for the year 1979.

On New Year's Eve 1980, Prime Minister Thoroddsen announced multifaceted economic measures and said: "Secondly to reduce the rate of inflation so that it will be reduced to 40 percent during the year 1981."

Tomas Arnason, minister of price control, said in the beginning of the year: These current measures are aimed towards preventing inflation this year from rising to 70 percent. These measures secure that inflation will not rise above 50 percent, and perhaps result in a figure somewhat below that. But the goal of the economic plan about lowering inflation to 40 percent during this year means added measures later in the year."

Today is one year since the government was formed. The government planned to conquer inflation with its subsidies policy. The result is described above. To commemorate the day and the war against inflation it is appropriate to quote the poem Savings by Jonas Hallgrimsson:

I have become used to that
--worthiest of all thanks--
to be sitting always still,
nonetheless to travel.

Thirty-nine days have now passed since the government announced its economic measures. The only certainty is that wages will be cut about seven percent on 1 March, besides cutbacks, according to Olafslawa. It was announced that depositors should be able to deposit money in savings accounts that were value guaranteed and binding for 6 months; and that interest of loans was to be lowered on 1 March. The government still has not decided on the implementation of this decision. Fish prices are undecided 39 days after it was to have taken effect. It is still unclear where the funds will come from to subsidize the exchange rate in order to help the fisheries industries.

Pessimism reigns in economic life. Fish processing authorities say that the government calculations of their returns gives a totally incorrect picture. The state of the export industry has deteriorated greatly. Large-scale industrial concerns are now either closed or operated with limited output because of energy shortage. Uncertainty reigns regarding the next phases in energy projects. The ghost of unemployment is stalking about and the interest to emigrate is emerging. The insatiable government is given priority, and tax collection greatly increased. Bureaucrats apply socialistic formulas to cut the resolution power of local boards in employment affairs. Unprofitable investment instigated by public authorities is highly priced. Fishing limitations gradually will lead to the fact that seafaring will more and more move under the auspices of bureaucracy.

This is an ugly picture but not unjust. It does not, however, describe the political hanky-panky of the governing people. When it comes to how the ministers treat the power entrusted in them, the nearest example to mention at present is this: the minister of equal rights considers it one of the best supports for equal rights that he was charged with violating those rights.

The former chairman of the People's Alliance, Ludvik Josepsson, declared at a central committee meeting in his party in June 1980, that if wage agreements had not been reached before the end of that month, his party members might as well start preparing to leave the government. The agreement was reached 27 October and the People's Alliance was still in the government. The Progressives alternately declared that subsidies have begun or are about to begin and therefore they must hang in there. It is not necessary to be reminded that the whole government thinks of itself as forced to stay on because of its popularity.

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PAPER QUESTIONS MARXIST PARTY ROLE IN SECURITY POLICY

Reykjavik MORGUNBLADID in Icelandic 14 Feb 81 p 24

[Editorial: "Does the People's Alliance Have Veto Power in Security Affairs?"]

[Text] Currently, the People's Alliance is maintaining that a secret agreement has been made between coalition members of this government, outside the government manifesto, which include a twofold obligation. Firstly, that the prime minister does not apply dissolution power without the agreement of all members of the government coalition. Secondly, that no major decision be made against the will of one member. They say that this agreement secures the People's Alliance veto power in the security affairs of the nation, such as concerning projects in Keflavik Air Base. This is a very serious statement. The nation and the parliament have the absolute right to demand that those ministers in the present government who belong to the democratic powers in the country immediately give an extensive statement regarding whether the People's Alliance has been guaranteed veto power in the nations security affairs.

Foreign Minister Olafur Johannesson said in an interview with MORGUNBLADID yesterday "that he had not been informed about the fact that a secret agreement had been made regarding this point." Steingrímur Hermannsson, chairman of the Progressive Party, also denies that an agreement had been made between government supporters about this matter. On the other hand, the chairman of the Progressive Party phrased his remarks in such a manner during an interview with MORGUNBLADID, that the foreign minister's decision "was no policy per se," that there seems no doubt that he stands completely behind the foreign minister in this matter.

Prime Minister Gunnar Thoroddsen, did not want to be quoted at all about this matter when MORGUNBLADID asked him what was correct in this matter. The same applies to Ludvík Jósepsson, former chairman of the People's Alliance; he did not want to say anything about whether such a back-agreement, that covered the nation's security matters, existed or not. On the other hand, THJODVILJINN quotes Svavar Gestsson, current chairman of the People's Alliance, on its front page yesterday, where he almost acknowledges the existence of the secret agreement. The party chairman says verbatim: "It should also be emphasized that between the present cabinet members there are also rules regarding the work of the administration in general, and everybody must pay regard to and apply to /all major issues."/ [in boldface]

It is the primary duty of every independent nation to insure its security in a precarious world. It is the absolute desire of a great majority of the nation that this be done within the defense cooperation of Western democracies. The People's Alliance alone, loyal to its origin and acquired inheritance, has turned against the membership of Icelanders in this defense cooperation. Those who entered into government coalition with the People's Alliance over a year ago, promised the nation that the nation's security matters would be insured in the same ways as before, despite their participation in the coalition government. It is therefore that the current statements of the People's Alliance about a back-agreement between government parties, which includes their veto power in the nation's security affairs, comes as a shock to the public in general. It must be demanded that those ministers who now are being accused by the Communists of having such a secret agreement, immediately and categorically account for this to the Parliament and the nation on the first day of the Althing right after this weekend.

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BRIEFS

TRADE DEFICIT DOUBLES--The value of the nation's imports for 1980 was a little over 480 billion old kroner, and the year before it was a little over 292 billion old kroner. The change from year to year is a little over 64 percent. The average foreign exchange rate is considered to be about 37.8 percent higher and therefore an obvious increase has taken place. The value of exports last year was a little under 446 billion old kroner and the year before a little under 278.5 billion old kroner. The change from year to year is therefore a little over 60 percent. The nation's trade balance showed a deficit of about 34 billion old kroner last year, but it had shown a deficit of a little over 13.5 billion old kroner. On the other hand, last December the trade balance was favorable by a little over 13.5 billion old kroner. At that time the value of imports was nearly 51 billion old kroner, but the value of exports nearly 65 billion old kroner. Aluminum and aluminum alloys are by far the largest items on the export list, and their value last year was a little over 34 billion old kroner. The year before it was almost 37.5 billion old kroner. On the import list, merchandise for the Icelandic Aluminum Company is the most prominent, or almost 36.5 billion old kroner. Ships were imported for almost 10 billion old kroner; airplanes for almost 13.5 billion old kroner, and merchandise for the Icelandic Alloy Company for almost 6.5 billion old kroner. Twelve airplanes and four ships were imported last year. When comparing the foreign trade figures, it must be kept in mind that the average exchange rate of foreign currency in January-December 1980 is estimated to be 37.8 percent higher than it was during the same months in 1979. [Text] [Reykjavik MORGUNBLADID in Icelandic 6 Feb 81 p.2] 4381

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BEHIND-THE-SCENES NEGOTIATIONS IN FORMATION OF NEW GOVERNMENT

Lisbon EXPRESSO in Portuguese 10 Jan 81 pp 3R-7R

[Text] It was during the interval from dawn on Saturday, 3 January, until Sunday, 4 January, that Francisco Pinto Balsemao considered the top priority task of completing the list of ministers to be sworn in the following week finished. Moreover, it was the designated prime minister himself who publicly assumed the commitment to take office during the week beginning on 5 January, and on that occasion the dates 8 or 9 January were mentioned. The date of 9 January was reportedly set at the suggestion of President Ramalho Eanes.

As for the state secretaries, they are to wait until a week later, with the exception of those directly subordinate to the presidency of the Council of Ministers; and party balance in their selection is the purpose of constant contacts between the prime minister, Francisco Pinto Balsemao, and the president of CDS [Social Democratic Center Party], Diogo Freitas do Amaral.

But let us return to the late hours of the night of 3 January 1981.

At the Naval Villa, located near Cascais, more precisely in Residence 7 (where much of the most important research preceding the formation of the government took place), there was good reason for the prime minister who had just been named to take a deep breath, after the veritable political marathon of the 2 preceding weeks.

Today, we shall digress somewhat along the circuitous path of that marathon, which ended with the formation of the government that was sworn in yesterday.

It will be a digression with turns and counterturns, as is typical behind the scenes of political activity on all levels, and filled with minor details that will make it possible to clarify somewhat the political decisionmaking process in our country.

The formation of a government is, by its very nature, a complex matter that is rather invisible (and incomprehensible) to the eye of the ordinary citizen, who retains of it primarily the starting point (the selection of the designated prime minister) and the point of arrival (the government named and sworn in).

Some journalistic light shed on that process will afford an understanding of how politics is conducted in Portugal at the beginning of this year of 1981.

In addition, it will also enable us to judge the strong points and the weak points of the Seventh Constitutional Government.

It all begins with the designation of the prime minister, in this instance Francisco Pinto Balsemão.

Perhaps only a few readers know it, but the legal figure of the prime minister who is designated does not result directly from the text of the Constitution of the Portuguese Republic, which went into effect on 25 April 1976.

The Constitution only states that the president of the republic names the prime minister, after hearing from the Council of the Revolution and the political parties with seats in the Assembly of the Republic, and taking the election results into account.

The Constitution also stipulates that, once named and sworn in, the government has 10 days to submit the respective program to the Assembly of the Republic, which is required to assess it, and may vote on it or not; and, in voting on it, may reject it or not, in the first instance causing the dismissal of the executive body.

Nothing is said about the designated prime minister, but constitutional practice itself dictated the advent of this legal figure in the normal operation of our political institutions.

In fact, the 10-day period is too short to enable any government to prepare its program, especially when it is realized that this program is more than a political declaration of intentions, and includes a series of programmed measures with a more or less specific content.

Thus, what has happened is that the president of the republic designates a prime minister who has an unlimited period of time in which to form his government and to start preparing the government program, a program which must end during the period of time following the taking of office.

From a Certain Basílio Horta to a Hesitant (As Always) João Salgueiro

Let us pick up the threads starting with the ministers situated in the presidency of the Council.

Once it was decided that Diogo Freitas do Amaral would not be a member of the government, the result was, in fact, that there would not be a vice prime minister in the Seventh Government being formed.

Well informed sources guarantee that Diogo Freitas do Amaral and Basílio Horta concluded an agreement in principle whereby the former might eventually join the government as vice prime minister, following the parliamentary debate on the constitutional revision, if the political conditions were considered suitable for this purpose.

What is certain is that this agreement in principle, if it ever existed (something that is, moreover, explained by Diogo Freitas do Amaral's diligence in the preparatory work on the AD's [Democratic Alliance] proposal for constitutional revision)

never reached the public domain, and could not even be confirmed by EXPRESSO. Thus, Basilio Horta, now CDS' number two man, became the number two man in the government, in the post of state minister assistant to the prime minister.

It should be noted that Basilio Horta has made an express issue of having the title of assistant state minister, and not just minister assistant to the prime minister, as, for example, Costa Freitas was in the Third Government, Alvaro Monjardino in the Fourth Government, Manuel Costa Bras in the Fifth Government and Francisco Pinto Balsemão himself in the Sixth Government.

For a long time it was considered calming that there was no other minister in the presidency of the Council; until Joao Morais Leitao, upon accepting the Ministry of Finance, set as an initial requisite that he not be responsible for planning, and suggested Joao Salgueiro as a nominee for the latter.

Then there began a real "wait and see" (or rather "stop-go") situation, which was to last nearly a week.

First, Joao Salgueiro requested time to think, and refused the position.

Then he suggested that there be a minister in the presidency of the Council, who would be the number three man in the government and who would be in charge of the areas of planning, European integration and administrative reform.

Nevertheless, for several days Joao Salgueiro kept postponing an answer until the next day. He was always almost giving an answer...

Day 2, at the Naval Villa...

On Friday, 2 January, everything appeared to be leading toward an acceptance, parallel with the departure of Henrique Granadeiro for the Ministry of Internal Administration, something which has its own logic.

Henrique Granadeiro was started in politics by Joao Salgueiro, when the latter was under secretary of state for economic planning (he was his private secretary).

The personal and political relations between the two are optimal, as are the agreements in the analysis of the Portuguese situation and the concept of the role of planning, and of the need for linkage between the respective top echelon of government with the Ministry of Internal Administration.

However, when everything seemed to be heading toward an acceptance by Joao Salgueiro, at a meeting in the Naval Villa, on Friday afternoon, the outcome was negative.

In attendance, apparently in the capacity of host, were Francisco Pinto Balsemão, Basilio Horta, Morais Leitao, Joao Salgueiro, Henrique Granadeiro and also Antonio Capucho.

During the first part of the meeting, they went so far as to discuss concrete measures for the government program.

According to certain news media, the reason for the failure was Joao Salgueiro's desire to preside over the Councils of Ministers for Economic Affairs, serving for economic purposes as the number two man in the government; something that would bypass Basilio Horta and the agreement concluded between PSD [Social Democratic Party] and CDS.

However, other sources indicate a different reason.

Joao Salgueiro, considering his recent affiliation with PSD and a possible contesting by the party for a large-scale government post, reportedly wanted to guarantee that he would be able to attend the next party congress, so that he could be elected to its national leadership organs.

In view of the response from Antonio Capucho, Joao Salgueiro reportedly ended up refusing the position, which also prompted Henrique Granadeiro's refusal.

Evident in this episode of the invitation to Joao Salgueiro is the traditional hesitation that has always typified him in certain political junctures, but also the awareness of an essential question with a certain amount of logic: the degree of backing or acceptance from PSD with regard to the appointment as number three man in the government.

Furthermore, Joao Salgueiro had already been invited to be minister of planning, even before Eurico de Melo's refusal to assume the MAI [Ministry of Internal Administration] and, in the event that Eurico de Melo remained, his position would be extremely difficult unless he had very clearcut, mobilizing support from the party.

This is because Eurico de Melo has been a national leader of PSD for a long time, and served for months in the MAI, while Joao Salgueiro has just joined the party, and would perhaps view the internal administration post with raised eyebrows.

This is the reason which some observers consider to be a partial explanation for Joao Salgueiro's doubts (which were enormous): a reason of a partisan nature.

From a Very Loyal Franca e Silva to a Refusing Helena Roseta

Let us continue following the convolutions of this government, still in the presidency of the Council.

From the first moment, or nearly so, Antonio Capucho was the nominee invited for and accepting the post of state secretary assistant to the prime minister.

In this way, Francisco Pinto Balsemão would insure the close collaboration of the party's secretary general, normally considered an unchallenged controller of the organizational machinery, whom Francisco Sá Carneiro heeded with particular attention and confidence.

The selection of the state secretary of the presidency of the Council was a little more complicated.

Antonio Bras Teixeira, who held this post during the fifth [Constitutional] Government, was the person originally considered to insure continuity, especially since his

performance in the Council of Ministers in the past proved to be highly efficient and competent, even when it was especially "dull" (particularly when he assessed the constitutionality of the drafts of legal documents, going into stringent detail).

But Bras Teixeira was named state secretary for culture at the last minute, since Vitor Sa Machado, who was to be minister of culture, declined the offer after he had already accepted it.

Bras Teixeira ended up remaining in the Ministry of Culture as state secretary, but with the stipulation that he attend the Councils of Ministers, as he already has at the preparatory meeting for the debate on the government program.

Assigned to the presidency of the Council was Cruz Vilaca, who was state secretary for internal administration in the previous government, and whom Basilio Horta originally considered for his assistant state secretary, responsible for relations with Parliament.

Basilio Horta then had to readjust his plan for state secretary, which would be comprised of one state secretary from CDS and another from PSD.

The CDS position would go directly to a direct collaborator of Basilio Horta, namely Manuel Franca e Silva (with a staff of 16 economic advisers).

The PSD state secretary, especially directed toward relations with the Assembly of the Republic, would be Helena Roseta.

We say "would be" because Helena Roseta was invited, requested some time to consider and then chose to remain in the Assembly and the party; moreover maintaining that Basilio Horta himself should be the one to assume relations with Parliament in their entirety, and not delegate them to any state secretary.

Such was the situation with regard to the presidency of the Council of Ministers on the eve of the inauguration of the Seventh Constitutional Government.

A certain Basilio, a loyal Franca e Silva, a secure Antonio Capucho and a brilliant Cruz Vilaca, not to mention a culturally heedful Bras Teixeira.

From a Critical Eurico de Melo to a Fernando Amaral Who Arrived in His Own Time

Moving on to internal administration, this is a ministry which Francisco Pinto Balsemao did not expect to cause him half the questions which it evoked.

Until 29 December 1980, the designated prime minister was convinced that Eurico de Melo was secure in the government.

Eurico de Melo, claiming (with justification) that he was tired and debilitated, went north to rest and was not present when the government was formed.

But Balsemao contacted him by telephone, and Eurico de Melo, although giving the impression that he wanted to withdraw, never assumed a peremptory negative attitude toward the new prime minister, possibly because a month had not yet elapsed since

his solid, unconditional support for Balsemao's going to Sao Bento, and since his joining CDS, insuring the party's backing for and unity around Balsemao.

The fact is that, upon returning to Lisbon, Eurico de Melo was clearcut and firm in not accepting the MAI, and not yielding to the urging of either Balsemao or Freitas do Amaral.

Even at the end of 1980, Francisco Pinto Balsemao still had the MAI on his hands, seeking a head for it.

Tomas Oliveira Dias was contacted, but the response was not positive.

Henrique Granadeiro, entering the government together with Joao Salgueiro, was nearly inclined to say "yes" but said "no" under the circumstances that have been cited.

Oliveira Dias was to be approached again on Saturday, 1 January, but without success.

When everything seemed complicated, Francisco Pinto Balsemao went "refishing" for a name which had been on the list for several days, that of an obstinate (and prestigious) lawyer from Lamego, Fernando Monteiro de Amaral, who had already held several leadership posts in PSD and in the MAI as well. He was not a very prominent man, but one with a moderate amount of party projection. And Fernando Amaral chose Manuel Pereira (PSD) and Manuel Correia Leite (CDS) for his state secretaries.

The problem of the successor to Eurico de Melo was solved, an Eurico de Melo who at the outset appeared hesitant about giving the reasons for his refusal.

In fact, Eurico de Melo offered Pinto Balsemao and Freitas do Amaral reasons of a personal and family nature which did not question the composition of the government, despite the fact that the close collaborators did not conceal their disapproval of certain PSD personages' going to the executive body, namely, Meneses Pimental.

Subsequently, in the PSD's National Political Commission, Eurico de Melo would be among the participants raising the most questions about the formation of the government, implicitly using a rather obvious critical tone.

In brief, Eurico de Melo, without intending it for tactical reasons, immediately dissociated himself clearly from Balsemao and the government.

At the same time, he was directly criticizing the statutes, maintaining that this present distinction between the president of the party, filled with powers, and the president of the National Political Commission, with an insignificant status, could not continue.

Either the president of the party is also president of the National Political Commission, or else the latter must have actual leadership powers.

Obviously, Eurico de Melo would not attack a solution devised by Sa Carneiro for himself, with a more obscured number two man, like Leonardo Ribeiro de Almeida, as a mere theoretical exercise.

He knows that, within the party, beginning with the national leadership organs, there is a very strong movement advocating (at least) his assuming the position of president of the National Political Commission at the next congress at the end of February.

From Henrique Granadeiro as Adviser to Luis Penha e Costa as Private Secretary

Before we continue the digression through the government, in a sort of journalistic survey of a current political issue, let us pause to find out what will become of Henrique Granadeiro after returning as ambassador to the OECD [Organization for Economic Cooperation and Development], who declined offers to the Ministry of Agriculture and Fisheries and the Ministry of Internal Administration.

In principle, Granadeiro will continue serving as head of the Conde de Vialva Foundation in Evora, but he agreed to assist Francisco Pinto Balsemao as adviser for political affairs.

It should be recalled that the prime minister is entitled to five advisers, one for political affairs, another for economic affairs, another for diplomatic affairs, a military adviser and another for legal matters.

Apparently, the prime minister has thus far only decided on the support of Henrique Granadeiro and of Jose Luis Gomes, the latter as adviser for diplomatic affairs.

Associated with the corps of advisers is the prime minister's office, which may be headed for several months by Luis Penha e Costa, the same private secretary that Balsemao had as the prime minister's assistant minister.

Quite Peaceful Areas

Returning to the composition of the government, there are several quite peaceful areas; in other words, they caused Francisco Pinto Balsemao little trouble in filling the cabinet posts.

Since it became clear that CDS was entitled to the National Defense Ministry, the name suggested by Diogo Freitas do Amaral was that of Luis Azevedo Coutinho, former state secretary for foreign affairs.

Initially, Azevedo Coutinho, who lives in Porto, brought up some personal problems, which were quickly surmounted.

He brings with him as state secretary Jose Miguel Anacleto Correia, also from Oporto, who was state secretary for transportation.

From the very beginning, Andre Goncalves Pereira was the person invited for foreign affairs, and he did not take long to accept.

According to well-informed sources, the prompt and organized manner in which he submitted the part of the program incumbent on him came as a real surprise to other colleagues in the government. Was the program devised much earlier and carefully updated?

Leonardo Matias was selected as state secretary for foreign affairs, but it was decided that he should return to the UN to say his goodbyes before assuming the government post, but after the announcement in this regard.

As of the time that we are writing this article, it is not yet known whether Maria Manuela Dias Moreira, of PSD, will be in the government or not; owing mainly to the fact that, in the Requirements entity, there is still a strong recollection of a more or less conflicting situation in the United States which brought her at odds with our ambassador, Hall Themido.

For the Ministry of Justice, Menores Pimentel appeared as an almost immediate nominee, with the PSD's labor union sectors giving assurance that the suggestion of this person originated with them, as did that of Nascimento Rodrigues for Labor.

As may be realized, it is not very easy to confirm whether or not this suggestion exists, specifically after the last PSD National Council meeting, and whether it had much or little influence on the intentions of the prime minister making the offer.

Joao Morais Leitao: After All Finance and Planning

Joao Morais Leitao accepted the Finance Ministry with the stipulation that it not retain planning.

After all, when all was said and done, he ended up maintaining the system coordinating the Finance and Planning Ministries.

Another reason for his acceptance was the certainty of support from Cavaco e Silva who, at the outset, backed Balsemao for prime minister, and offered only personal reasons for not remaining in the government.

Later, in a public interview, Cavaco e Silva began his dissociation from the government.

Prime Minister Pinto Balsemao responded to that interview in another interview, which some well-informed sources claim had been persistently requested by Joao Morais Leitao, "to reestablish the truth about certain facts."

For his staff, Morais Leitao invited Loureiro Borges, Mario Adegas and Alipio Dias, who accepted, with the latter transferred from Finance to Budget.

Antonio Pinto Barbosa, a young professor from Nova University, was invited to be state secretary for budget, but he did not accept; which led to the transfer of Alipio Dias, who had been intended for Finance.

Since he ended up retaining Planning, Morais Leitao sought out Alberto Repueira, who held the position of state secretary for tourism in the previous government.

In this instance also, once Morais Leitao's designation had been decided on, the staff was quickly formed, except for the question of whether or not Morais Leitao would also be in charge of Planning. Since it eventually did occur, Morais Leitao's knowledge and, in particular, his capacity for comprehension will be tested in the macroeconomic area.

Other Appointees and Ministries Without Problems

Education and Science, with Victor Crespo; Labor, with Nascimento Rodriguez; Social Affairs, with Carlos Macedo; Commerce and Tourism, with Alexandre Vaz Pinto; Housing and Public Works, with Luis Barbosa; and Transportation and Communications, with Viana Baptista, raised but few questions.

In the Education Ministry, the strangest occurrence was the bid to Helena Roseta to be the minister's assistant state secretary, an invitation which she declined long before she was subsequently invited to be Basilio Horta's assistant. Robalo, on the other hand, transferred from state secretary for administrative reform to the Education Ministry.

Nascimento Rodrigues imposed some conditions which, in his opinion, were met.

At most, there was nothing remarkably different from a rapid rate of filling slots.

'Intermezzo' To Discuss Lucas Pires

But let us pause a few moments in this ministerial survey to talk about one of the great disappointments of the Seventh Constitutional Government: young Francisco Lucas Pires.

And, in order to learn his reaction to the events, there is nothing better than trying to find out how Lucas Pires experienced and explained them.

Sources close to the Centrist leader claim that he was convinced that he would be tapped for vice prime minister of the Balsemao government, when Luis Fontoura, considered to be close to the prime minister, mentioned this idea to him as a hypothesis in a friendly conversation that they held.

Other sources claim that such a hypothesis was never mentioned with the slightest political accuracy, and that Lucas Pires was dreaming of it.

In one way or another, Lucas Pires became convinced that he could take advantage of his position of not breaking with Ramalho Eanes, assuming the leadership of the CDS ministers, and thought that he could count on the possibility of a formal tapping on the part of Francisco Pinto Balsemao, which never came.

Completely excluded from the formation of the government, after having counted heavily, even in the news media, on taking part in it, Lucas Pires remains in the Assembly of the Republic, as president of the Parliamentary Commission for Foreign Affairs.

Caruso e Cunha: a Complex Question

A government department which gave Pinto Balsemao considerable trouble was that of Agriculture and Fisheries.

When invited to take the position by the prime minister, Henrique Granadeiro did not accept, leaving the problem to be resolved.

The CAP [Portuguese Farmers Association] fought overtly for Cardoso e Cunha who, during the entire process, acted in such a manner that well-informed observers discerned in his position a position coordinated with that of Alvaro Barreto and Eusebio Marques de Carvalho, and revealing political sense.

Circles considered to be close to this politician claim that Cardoso e Cunha submitted a document containing demands to Pinto Balsemao, including the requirement that Alvaro Barreto and Eusebio Marques de Carvalho remain in the government.

However, the account given by other sources close to the prime minister is different: there was no ultimatum nor pressure of any kind exerted by the present minister of agriculture and fisheries on Francisco Pinto Balsemao.

Nevertheless, Cardoso e Cunha was one of the last ministers to accept, specifically on Saturday, 3 January.

As for Alvaro Barreto and Eusebio Marques de Carvalho, they joined the government, as minister for European integration and minister for administrative reform, respectively.

Alvaro Barreto's assignment to European integration was a surprise to many, although it attested to the political and technical malleability of this individual; an individual who, once he had been appointed, left immediately for Brussels for the purpose of talking to the Portuguese ambassador to the Communities, Hernani Lopes, a person who is, in fact, knowledgeable on European integration.

In the formation of this government, Alvaro Barreto was, moreover, the "champion" of the more right wing press in the Portuguese news media area.

There was not a day, from morning to evening, that this press, and always in time, did not promote his designation to the government, even claiming that other ministers had imposed Alvaro Barreto's continuance in it as a requirement for their joining the government.

For example, it went so far as to state that Eurico de Melo would end up not remaining in the government owing to the absence of Alvaro Barreto; something which, as we have noted, was not true but which served its purpose in the public praise for Alvaro Barreto in certain news media.

Unwilling to accept a position other than one of direct association with the prime minister, Rui de Almeida Mendes notified Pinto Balsemao that he did not want to be state secretary for European integration.

Eusebio Marques de Carvalho has a ministry which already existed under the Second Constitutional Government, a period when the head of it was the Cestrist, Rui Pena.

Certainly in consideration of the complexity of this ministry, it will have a state secretary who comes with him from the Ministry of Labor, where he also left a positive record: Jose Queiroz Lopes Raimundo.

When Alvaro Barreto had been assigned to European integration, and a total number of 10 ministers from PSD and five from CDS had been counted, the Ministry of Industry

and Energy went to the Centrists, in the person of the former state secretary for the manufacturing industry, Ricardo Baiao Horta.

The list of ministers was also completed thereby.

Quality of Life, a Difficult Challenge

One of the innovations of this government lies in the creation of a Ministry of Quality of Life, with the Monarchist leader, Augusto Ferreira do Amaral, as its head.

Ferreira do Amaral already served as state secretary for agrarian reorganization in the Third and Fourth Constitutional Governments.

The new minister includes such variegated sectors as news media, youth and physical and environmental regulation, with Luis Fontoura, Cesar Toires and Margarida Borges de Carvalho invited to these posts.

It will be a department with great difficulties, particularly in view of the present news media situation and the controversies rekindled over the nationalized press which, moreover, has not ceased for a minute its defense of the current situation. A telling example was the interview of an administrator from DIARIO DE NOTICIAS by the newspaper itself, just after the granting of another subsidy amounting to 100,000 contos, arranged by the outgoing state secretary for news media, Carlos Sousa Brito.

The Ministries Which Were To Exist

As in everything else in life, in the formation of governments there is also something left by the wayside.

In this case it is ministries which were considered or announced, but which did not come into existence.

The Ministry of Culture was one of them, and Vitor Sa Machado was its head for a few days.

First he refused, then he accepted, and finally he refused.

Public reason: Culture is satisfactory as it is, as a State Secretariat.

Private reason: The position that Sa Machado holds in the Gulbenkian Foundation, and the troubles resulting from being minister of a department which deals with an area that is "sensitive" to the Foundation. And Sa Machado still recalls very vividly his previous experience of leaving the Foundation.

Fisheries was another ministry that was mentioned, with Angelo Correia cited as the likely minister.

In the end, Viana Baptista did not concede to Merchant Marine and Ports, and Angelo Correia ended up choosing party activity.

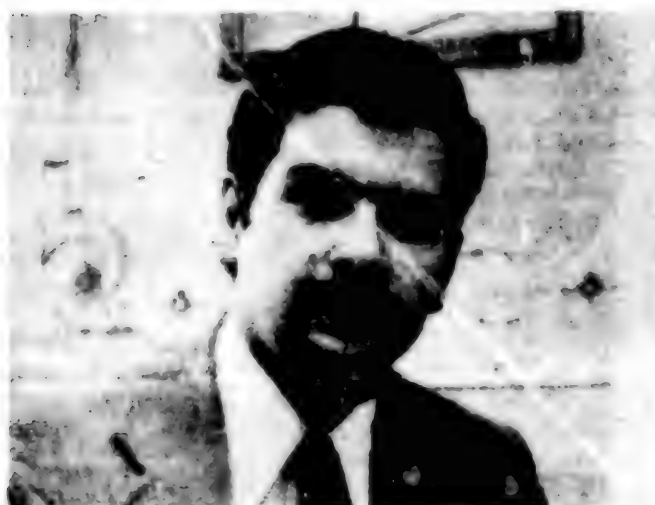
These two ministries were a possibility for days, but did not manage to survive the onslaughts of the turns and counterturns in the formation of the Seventh Constitutional Government.

There it is, ready, and with its ministers in office, prepared for the swearing in of the state secretaries.

Its journey begins now. Whether it be short or long, the near future will make it possible to conclude (or confirm).



Basilio Horta, aggressive as ever



Antonio Capucho, the PSD's machine (and a close backer for Balsemão)



Joao Salgueiro, hesitant and then refusing



Helena Roseta, not Victor Crespo and not Basilio Horta (despite the attractive nature of the post)



Henrique Granadeiro, over Agriculture and MAI he had a slight preference for the Foundation (in Evora) and a great one for being Balsemão's "eminence grise" (in Lisbon)



Andre Goncalves Pereira, he even seemed to have a program prepared some time ago



Meneses Pimentel, fully supported by trade unionists, Eurico de Melo turned up his nose



Azevedo Coutinho, discreet, created no problems



Joao Morais Leitao, a CDS member more of a Social Democrat than many PSD members



A. Vaz Pinto, had experience dating back 11 years, and is in excellent shape



Luis Barbosa, available to erase the memory of Joao Porto



Viana Baptista, like a rock



Lucas Pires, another government and the "success that was not used to advantage"



Cardoso e Cunha, with Casqueiro behind him, a man who made a "strong" move



Alvaro Barreto, the minister most promoted by a certain press, who hastened to rediscover Europe



Ferreira do Amaral, more than three challenges!



Angelo Correia, it is not always the one who knows how to wait who can fish



Sa Machado, Gulbenkian "constrains"...

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PAPER QUESTIONS PERSONNEL MINISTER'S FESSINISH

Stockholm SVENSKA DAGBLADET in Swedish 8 Jan 81 p 2

[Editorial]

[Text] Olof Johansson, personnel minister in the Falldin administration, declares frankly in an interview in KVALLEPOSTEN that the government is not able to handle the economic crisis. The tensions within the government are too strong, the parliamentary basis of the government too weak. The economic crisis can be solved only through collaboration with the Social Democrats, and the Moderate Coalition Party will not agree to such collaboration--that is Olof Johansson's guess.

It is somewhat unclear what kind of government Johansson would like to have instead of the one that is now headed by the leader of his own party, Torbjorn Falldin. It appears as though his goal would be a Social Democratic minority government supported by the centrist parties.

Olof Johansson has for several years made himself known as somewhat of an enfant terrible outside his own party. He seems to suffer from a hard-to-satisfy urge to cultivate his own centrist-leftist profile, and he has significant problems in accepting his situation as a member of a conservative three-party government.

For Olof Johansson, who is certainly not lacking in political talent, it might be easier to stand outside a government that he obviously does not believe in so as to be able instead to concentrate his effort on work within the Center Party. This is actually a thought that he himself has already had.

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CSO: 3109

LABOR OFFICE: INDUSTRY LOST 18,000 JOBS LAST QUARTER

Stockholm DAGENS NYHETER in Swedish 17 Jan 81 p 25

[Article by Bo A. Eriksson]

[Text] As many as 18,000 jobs were lost in industry during the last quarter, thus completely eroding the increase in employment in the industrial sector that had been caused by the good times of 1979 and the first half of 1980. The decline is expected to continue: a total of some 13,000 workers have now been given notice that they will lose their jobs during the first half of this year. Most of them are working in industry.

It is not certain that all of these forebodings will come true. The companies often exaggerate when they give notice about staff cuts. On the other hand the HBL [Codetermination Act] negotiations are underway in several places about operating cuts and these have not yet entered official statistics.

At the same time, the steady increase which had taken place for a long time has now ceased. This is expressed in the new labor force study that the Central Bureau of Statistics and the AMS [National Labor Market Board] made public on Friday. The total employment even shows a slight reduction now for the second month in a row.

Halt Also in the Public Sector

This is primarily due to the fact that the decrease in jobs in industry through shutdowns, staff cuts and employment freezes are no longer balanced by new jobs in the public sector. After years of steady staff increases the state, the communes and the county council have now reached a point whereby the jobs are no longer increasing.

When it comes to open unemployment, this continues to be far higher than it was at the same time last year. In December 12,000 more people--more than 15 percent--were unemployed than in the same month of the previous year.

Contrary to what was expected, however, unemployment did not increase in December up to the 100,000 level, but stayed at 86,000 (2 percent). But it is feared the January figures will be far higher.

The new statistics also show that the number of unemployed young people in December went up to 35,000, as compared with 27,000 for the same month of the previous year. The number of unemployed women increased from 34,000 to 42,000.

Fewer Available Jobs

The number of unemployed members of the unemployment benefit societies increased also. This is a sign of how the depressed state of the market at this time affects not only those who are entering the labor market--young people and women--but also those who are already established.

In terms of available positions, they continue--as DAGENS NYHETER reported earlier--to decrease in number. At the end of December 29,000 jobs were available through the employment agencies, as compared to 41,000 a year earlier.

At the same time, 115,000 workers were involved in some kind of AMS arrangement in December. That is more than 30,000 fewer than last year, but the number will increase gradually during the next months. AMS has received almost a billion kronor from the government for new relief work and more training courses for the unemployed.

The more difficult situation of the labor market has also resulted in an increase in the people working part-time involuntarily by almost 50 percent. In December 91,000 individuals who wanted to work full-time were only able to work part-time. Parallel to this there is now within trade examples of shortened working hours for those who already are part-time employees.

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'SVENSKA DAGBLADET' REPORTS LOBBY GROUPS OF CURRENT RIKSDAG

Increased Labor Power

Stockholm SVENSKA DAGBLADET in Swedish 12 Jan 81 p 21

[Article by Nina Ersman and Goran Steen]

[Text] The Swedish Riksdag is represented not only by five political parties, but also by four groupings of the labor market. More than half of the 349 members who are participating in the opening of the 1981 spring Riksdag today belong to the LO [Trade Union Confederation], the TCO [Central Organization of Salaried Employees], the SACO/SR [Confederation of Professional Associations/National Federation of Government Officials] or some other organization of private commerce and industry.

Politically, each functions independently. The LO has its "own" political party to work within. The TCO and the SACO/SR have old members and friends in committees and government offices. The SAF [Swedish Employers' Confederation] and the SFR [Swedish Association for Private Enterprise] have employed full-time lobbyists to apply pressure on the politicians.

Today work begins again for the 349 members of the Riksdag. Here are the lobbyists.

During the 1970's the organizations have had to accept the fact that labor market matters have increasingly outgrown their narrow rigid form. The legislation of the politicians has to a corresponding extent become increasingly important for the conditions of the labor market.

The examples are many, with the MBL [the Codetermination Act] and other labor legislative reforms being the ones most often pointed out. Everything indicates that the development toward a labor market that is dependent on politicians will continue with the wage earners' investment fund matter and with wage negotiations necessitated by an exhausted social economy, etc.

This is part of the background of the openly expressed political ambitions that have appeared lately even among the employers.

The four large groupings of the labor market are already well represented among politicians of the Riksdag and other parliamentary elected power centers.

The political work methods also differ between the organizations, of which the LO and the employers/industry are the most active. Among other things, because of consideration for political neutrality, the organizations of salaried employees, the TCO and the SACO/SR, appear more vague, or, one might say, more discreet lobbying groups.

Personal Points of Contact

The LO naturally has a unique position with the Social Democrats in the joint workers movement. There are several direct personal points of contact. Gunnar Nilsson's dual role as LO chairman and SAP [Social Democratic Labor Party] member in the Riksdag is only one example. Gertrud Sigurdson, formerly a cabinet minister and now an LO employee and member of the Riksdag, is another example. Both of them are also members of the SAP inner circle, the party leadership Executive Committee.

Other important names in the row of influential LO members of the Riksdag, are, for example, Sivert Andersson, chairman of Metallettan; Lilly Hansson, local government employee and active in the LO district of Vasterbotten; Anna-Greta Skantz, formerly ombudsman of Handels; Bernt Nilsson, Association of Government Employees and chairman of the LO district of southeastern Sweden--the list can be long.

An instrument with the purpose of looking after the best interests of LO members is the professional study group, which consists of active LO members among the SAP's Riksdag members. The chairman of the LO group, Lars Ulander, and another five members are also members of the board of the Social Democrats' Riksdag group.

The LO's political "lobbying" has produced unique results throughout the entire Social Democratic government period. The latest examples are the great reforms of the 1970's in the labor legislation area, with the MBL planned, at least, to be the crowning masterpiece.

TCO Connection More Diffuse

The TCO, which represents 1 million salaried employees, does not have any organizational links to its approximately 75 Riksdag members. Previously, however, the organization had representatives within the Riksdag. Among the more famous ones are Valter Aman, TCO leader in the 1940's and 1950's as well as Coalition Party member of the Riksdag; and Lennart Geijer, union lawyer of the TCO before he became minister of justice. The Liberal Party and the Moderate Coalition Party have also had Riksdag members with roots in the TCO office.

In recent years union lawyer Stig Gustafsson has been the only TCO representative in the Riksdag building. He serves as an alternate within the Social Democratic Riksdag group.

Barely a month ago a new lobbying grouping with the TCO prefix appeared among the Riksdag members. A group calling itself TCOers opposes fund socialism. Their professional representativeness has, however, been sharply denied by their own central organizations.

Four of the 12 TCO Riksdag members of the group are also included in the SFR list of Riksdag members.

Like the TCO, the SACO/SR has no organizational collaboration with its approximately 35 Riksdag members. Central meetings are sometimes held with the leaderships of the different parties.

Perhaps the largest part of the lobbying, however, takes place through the unions, through contacts with selected Riksdag members or often directly with the executives of the government offices.

SACO/SR in the Government

The SACO/SR also has a number of former functionaries in influential positions both in the Riksdag and in government offices. The secretary general of the Moderate Coalition Party, Lars Tobiasson is one of those. Under Secretaries Sten Westerberg and Anders Arfwedson are two others. In the Ministry of Communications, both Ulf Adelsohn and his under secretary, Hans Sandebring, are also from the SACO/SR office.

Other cabinet ministers that are included or have been included in the SACO/SR register of members are Gosta Bohman, Thorbjorn Falldin and Eric Kronmark, all of them as members of the Central Union of Officers of the Reserve.

Like the TCO, the SAF earlier had board members who were also Riksdag members. Until 1979, for example, Sven-Olof Traff, vice chairman of the SAF, was sitting on the Riksdag bench of the Moderate Coalition Party. Even today there are a number of Riksdag members with a connection to the employers' association, due to the fact that they are employed in leading positions in businesses affiliated with the SAF.

SAF Lobbyist

Bjorn Tarras-Wahlberg has worked for the past 2 years as a full-time employed lobbyist. His task is to spread the SAF message to the politicians "from the outside."

The SFR also has a full-time employee to serve the organization within the Riksdag. But the task of Riksdag Secretary Lennart Palm is above all to serve the 40 Riksdag members who are associated with the SFR.

The goal of the Riksdag group is, among other things, to oppose bills that might harm free enterprise. Riksdag member Erik Hovhammar (Moderate Coalition Party) is the chairman of the SFR. The SHIO [Federation of Crafts and Small and Medium-Sized Industries]-Family Enterprises have board members who are also Riksdag

members. Among these are Johan A. Olsson (Center Party) and Sven G. Andersson (Liberal Party).

The industry organizations state that the political lobbying is now beginning to show results, among other things, through the expected softening of the law on employment security and the monitoring of the labor legislation laws.

A lot was accomplished with these results before matters reached the Riksdag, and not primarily as a result of the lobbying of separate individuals.

The determining contacts actually take place between the groupings of the labor market and the politicians outside the Riksdag in social organs of different kinds, investigations, committees, reference groups, etc. Swedish political life is built on an almost endless number of groups wherein politicians and, among others, representatives of the labor market, collaborate in big and small matters.

Only the TCO was, according to its own annual report of 1979, represented in over 100 public organs--from the Foreign Exchange Control Board of the National Bank of Sweden to the College for Administrative Coordination of the Swedish Armed Forces--and also participated in approximately 150 committees and public investigations. That is the task of hundreds of publicly appointed work and reference groups. Apart from that, during the same year the TCO presented 185 responses to reports.

For the LO this part of the political work is even more extensive. A not yet published part of the extensive LO-80 investigation shows that in 1978 the LO was, among other things, represented in 267 different social organs. The picture is the same for the SACO/SR and the Swedish Employers' Confederation.

Within all party organizations there is a discussion of the future forms of social involvement. There seems to be a rather uniform criticism of the currently too complicated and extensive contact networks. The problem is that no party so far has taken the first step.

One representative of the SAF describes the situation as a "balance of terror."

"If the LO acquires a new position for the monitoring of a certain area, we feel that we have to do the same thing and vice versa. Although both parties deep down would prefer to rationalize their organization apparatus and concentrate on the big and important matters."

SAF Lobbyist Tarras-Wahlberg

Stockholm SVENSKA DAGBLADET in Swedish 12 Jan 81 p 21

[Text] "It is easier now than just a few years ago to represent the SAF in the Riksdag corridors. Lobbying used to be regarded as something suspicious and shameful."

This is how Bjorn Tarras-Wahlberg sums up his experience. He is the SAF lobbyist. His department is called the "Unit for the Promotion of Contact Between the

Riksdag and the Government Offices" and the task is to get the business entrepreneurs more involved in politics and the politicians to listen more attentively to the business people.

A Shift of Power

The SAF members receive information brochures on "how to socialize with politicians" or are sent to courses in order to learn lobbying. Bjorn Tarras-Wahlberg approaches politicians either personally or through letters. He spends a large part of his time in the Riksdag or in the government office building.

"The power of the labor market has been shifting from the labor market to the political parties and the Riksdag. We get an increasing number of laws on matters that used to be regulated directly by agreement. It is therefore serious that the experiences and interests of businesses are so poorly represented in the Riksdag," says Bjorn Tarras-Wahlberg.

The SAF Influence

Until 1979 SAF Vice Chairman Sven-Olof Traff sat in the Riksdag as the representative of the Moderate Coalition Party. In the present Riksdag the SAF does not have any corresponding direct mouthpiece.

"The most important thing is not that the SAF is represented as an organization, but that the political interests of the partners are represented," emphasizes Bjorn Tarras-Wahlberg.

He does, however, agree entirely with the many speakers at the SAF congress who recently encouraged the business executives to get involved in the politics of the parties and in the Riksdag.

"The important thing is not belonging to a party. Industry needs representatives in all the parties and must not sit on the knee of the Moderate Coalition Party."

According to Bjorn Tarras-Wahlberg, the politicians do indeed today listen more to the SAF. The information and campaign material is no longer received with the same suspicions as before by the leftist parties. And Bjorn Tarras-Wahlberg himself no longer feels like "something the cat brought in" among politicians.

SAP's Ulander on Lobbying

Stockholm SVENSKA DAGBLADET in Swedish 12 Jan 81 p 21

[Text] "Special interest organizations should certainly have influence. But lobbying activities on the U.S. model do not belong in the kind of politics we have in Sweden."

This is what Lars Ulander, the leader of "the professional study group" of the Social Democrats [SAP] in the Riksdag, says. In his everyday life he is an ombudsman and chairman of 25,000 construction workers of Byggettan.

The 50-member professional study group of the Social Democrats, all of them Riksdag members and active or formerly active within the LO and the unions, meets once a month during the Riksdag terms. The group meets with the leaderships of the different LO unions for joint discussions before bills are written, etc.

When the group was started approximately 10 years ago the purpose was to create a forum for us in the Riksdag for direct contact with the trade unions. But now we are no longer a fraction but a part of the SAP Riksdag group.

Lars Ulander does not believe in lobbying, although his opinion is that, for example, the work of the Swedish Association for Private Enterprise (SFR) has had a certain effect.

"The employers have the idea that it is possible to sell political ideas with the same methods as those used for soap or toothpaste. But the political work in this country is not done in the same way as in the United States, where the parties are pure election organizations without unifying ideologies during the term of office. Here, on the contrary, it is the foundation among the voters that is most important."

A professional question that goes from the demand of members via the unions, the LO and SAP congresses, to Riksdag decisions, can naturally be seen as an effect of the lobbying of the professional organization. That is the democratic model, which is something entirely different from lobbying.

The fact that employers and industrial organizations nowadays seem to emphasize political activities is not evidence of increased political power, but rather an expression of the fact that they are now able to work more openly in these matters. They have already had political influence, according to Lars Ulander.

"No one has ever denied that the Social Democrats are a party of wage earners, and we do of course pursue wage earners' politics," Lars Ulander says.

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BRIEFS

AUTO SALES DROP--Both Volvo and Saab increased their share of the Swedish market in 1980. But as a whole auto sales dropped 11 percent last year. Saab manufactured 67,000 cars in 1980; this year the production is expected to increase to 70,000. Last year Volvo had to cut down its production from 320,000 cars to 267,000. This year Volvo production is expected to be 270,000. Volvo has now returned to full week schedules. The latest layoff was last Monday. Saab continues its short week schedule in agreement with the program until mid-February. Both Ford and Renault, as well as GM and Peugeot, have lost their share of the market. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 8 Jan 81 p 1] 9662

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24 March 1981